

Form 5500

Annual Return/Report of Employee Benefit Plan

OMB Nos. 1210-0110 1210-0089

2024

This Form is Open to Public Inspection

Department of the Treasury Internal Revenue Service

Department of Labor Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

Complete all entries in accordance with the instructions to the Form 5500.

Part I Annual Report Identification Information

For calendar plan year 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... [X] a single-employer plan [] a DFE... B This return/report is: [] the first return/report [] the final return/report... C If the plan is a collectively-bargained plan, check here... D Check box if filing under: [X] Form 5558 [] automatic extension... 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: KLINE ELECTRIC, INC. EMPLOYEE STOCK OWNERSHIP PLAN
1b Three-digit plan number (PN): 002
1c Effective date of plan: 01/01/2016
2a Plan sponsor's name (employer, if for a single-employer plan): KLINE ELECTRIC, INC.
2b Employer Identification Number (EIN): 80-0099527
2c Plan Sponsor's telephone number: 515-963-1101
2d Business code (see instructions): 238210

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.

Form 5500 (2024) v. 240311

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	176
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)	157
	6a(2)	197
	6b	0
	6c	21
	6d	218
	6e	0
	6f	218
	6g(1)	176
6g(2)	218	
6h	12	
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:
2I 2P 2Q 3I

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

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

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) **R** (Retirement Plan Information)
- (2) **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary
- (4) **DCG** (Individual Plan Information) – Number Attached _____
- (5) **MEP** (Multiple-Employer Retirement Plan Information)

b General Schedules

- (1) **H** (Financial Information)
- (2) **I** (Financial Information – Small Plan)
- (3) **A** (Insurance Information) – Number Attached 0
- (4) **C** (Service Provider Information)
- (5) **D** (DFE/Participating Plan Information)
- (6) **G** (Financial Transaction Schedules)

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

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) Yes No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) Yes No

11c Enter the Receipt Confirmation Code for the 2024 Form M-1 annual report. If the plan was not required to file the 2024 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2024 This Form is Open to Public Inspection
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For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024	
A Name of plan KLING ELECTRIC, INC. EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) 002
C Plan sponsor's name as shown on line 2a of Form 5500 KLING ELECTRIC, INC.	D Employer Identification Number (EIN) 80-0099527

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

		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	500	142936
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(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)	23936442	25211730
(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	23936942	25354666
Liabilities			
g Benefit claims payable.....	1g		
h Operating payables.....	1h		
i Acquisition indebtedness.....	1i	9212622	8920896
j Other liabilities.....	1j	500	1410
k Total liabilities (add all amounts in lines 1g through 1j).....	1k	9213122	8922306
Net Assets			
l Net assets (subtract line 1k from line 1f).....	1l	14723820	16432360

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)	642787	
(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)		642787
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)		
(B) U.S. Government securities.....	2b(1)(B)		
(C) Corporate debt instruments.....	2b(1)(C)		
(D) Loans (other than to participants).....	2b(1)(D)		
(E) Participant loans.....	2b(1)(E)		
(F) Other.....	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F).....	2b(1)(G)		0
(2) Dividends:			
(A) Preferred stock.....	2b(2)(A)		
(B) Common stock.....	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A), (B), and (C).....	2b(2)(D)		0
(3) Rents.....	2b(3)		
(4) Net gain (loss) on sale of assets:			
(A) Aggregate proceeds.....	2b(4)(A)		
(B) Aggregate carrying amount (see instructions).....	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result.....	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets:			
(A) Real estate.....	2b(5)(A)		
(B) Other.....	2b(5)(B)	1444717	
(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		2087504

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	169429	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		169429
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		208205
i Administrative expenses:			
(1) Salaries and allowances	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Recordkeeping fees	2i(3)		
(4) IQPA audit fees	2i(4)		
(5) Investment advisory and investment management fees	2i(5)		
(6) Bank or trust company trustee/custodial fees	2i(6)		
(7) Actuarial fees	2i(7)		
(8) Legal fees	2i(8)		
(9) Valuation/appraisal fees	2i(9)		
(10) Other trustee fees and expenses	2i(10)		
(11) Other expenses	2i(11)	1330	
(12) Total administrative expenses. Add lines 2i(1) through (11)	2i(12)		1330
j Total expenses. Add all expense amounts in column (b) and enter total	2j		378964

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		1708540
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: **FORVIS MAZARS, LLP**

(2) EIN: **44-0160260**

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		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

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

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

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

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

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

A Name of plan <u>KLINE ELECTRIC, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>	B Three-digit plan number (PN) ▶	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>KLINE ELECTRIC, INC.</u>	D Employer Identification Number (EIN) <u>80-0099527</u>	

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

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
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2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):
 EIN(s): 33-6134835

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

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	
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Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? Yes No N/A
If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a	
b Enter the amount contributed by the employer to the plan for this plan year	6b	
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c	

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? Yes No N/A

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? Yes No N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... Increase Decrease Both No

Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? Yes No

11 a Does the ESOP hold any preferred stock? Yes No

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) Yes No

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? Yes No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer _____

b EIN _____ **c** Dollar amount contributed by employer _____

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

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

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

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

a Name of contributing employer _____

b EIN _____ **c** Dollar amount contributed by employer _____

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

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

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

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

a Name of contributing employer _____

b EIN _____ **c** Dollar amount contributed by employer _____

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

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

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

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

a Name of contributing employer _____

b EIN _____ **c** Dollar amount contributed by employer _____

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

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

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

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

a Name of contributing employer _____

b EIN _____ **c** Dollar amount contributed by employer _____

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

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

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

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

a Name of contributing employer _____

b EIN _____ **c** Dollar amount contributed by employer _____

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

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

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

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

14 Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

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

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

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

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

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

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

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

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

19 If the total number of participants is 1,000 or more, complete lines (a) and (b):

a Enter the percentage of plan assets held as:
 Public Equity: _____% Private Equity: _____% Investment-Grade Debt and Interest Rate Hedging Assets: _____%
 High-Yield Debt: _____% Real Assets: _____% Cash or Cash Equivalents: _____% Other: _____%

b Provide the average duration of the Investment-Grade Debt and Interest Rate Hedging Assets:
 0-5 years 5-10 years 10-15 years 15 years or more

20 PBGC missed contribution reporting requirements. If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? Yes No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:
 Yes.
 No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.
 No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.
 No. Other. Provide explanation: _____

Part VII IRS Compliance Questions

21a Does the plan satisfy the coverage and nondiscrimination tests of Code sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules? Yes No

21b If this is a Code section 401(k) plan, check all boxes that apply to indicate how the plan is intended to satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under Code sections 401(k)(3) and 401(m)(2).
 Design-based safe harbor method
 "Prior year" ADP test
 "Current year" ADP test
 N/A

22 If the plan sponsor is an adopter of a pre-approved plan that received a favorable IRS Opinion Letter, enter the date of the Opinion Letter ___/___/___ (MM/DD/YYYY) and the Opinion Letter serial number _____.




Kline Electric, Inc. Employee Stock Ownership Plan

EIN 80-0099527 PN 002

**Independent Auditor's Report, Financial Statements,
and Supplemental Schedule**

December 31, 2024 and 2023



Kline Electric, Inc. Employee Stock Ownership Plan
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December 31, 2024 and 2023

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Independent Auditor's Report

Board of Trustees
Kline Electric, Inc. Employee Stock Ownership Plan
Des Moines, Iowa

Opinion on the 2024 Financial Statements

We have audited the financial statements of Kline Electric, Inc. Employee Stock Ownership Plan and Trust (the Plan), an employee benefit plan subject to the *Employee Retirement Income Security Act of 1974* (ERISA), which comprise the statement of net assets available for benefits as of December 31, 2024, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2024, and the changes in its net assets available for benefits for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion on the 2024 Financial Statements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2024 Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 2024 Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the 2024 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

2024 Supplemental Schedule Required by ERISA

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS.

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

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

Other Matter – Auditor's Report on the 2023 Financial Statements

The 2023 financial statements of Kline Electric, Inc. Employee Stock Ownership Plan and Trust were audited by predecessor auditors whose report dated October 3, 2024, expressed an unmodified opinion on those financial statements.

Forvis Mazars, LLP

**West Des Moines, Iowa
October 10, 2025**

Federal Employer Identification Number: 44-0160260

Kline Electric, Inc. Employee Stock Ownership Plan
Statements of Net Assets Available for Benefits
December 31, 2024

	2024			Total
	Other Investments	Allocated	Unallocated	
ASSETS				
Investments				
Common stock, Kline Electric, Inc.	\$ -	\$ 6,739,144	\$ 18,472,586	\$ 25,211,730
Non-interest-bearing cash	142,936	-	-	142,936
Total Assets	142,936	6,739,144	18,472,586	25,354,666
LIABILITIES				
Payable to Kline Electric, Inc.	-	-	8,920,896	8,920,896
Administration expenses payable	1,410	-	-	1,410
Total Liabilities	1,410	-	8,920,896	8,922,306
Net Assets Available for Benefits	\$ 141,526	\$ 6,739,144	\$ 9,551,690	\$ 16,432,360

**Kline Electric, Inc. Employee Stock Ownership Plan
Statements of Net Assets Available for Benefits
December 31, 2023**

	2023			Total
	Other Investments	Allocated	Unallocated	
ASSETS				
Investments				
Common stock, Kline Electric, Inc.	\$ -	\$ 5,768,663	\$ 18,167,779	\$ 23,936,442
Noninterest-bearing cash	500	-	-	500
Total Assets	500	5,768,663	18,167,779	23,936,942
LIABILITIES				
Payable to Kline Electric, Inc.	-	-	9,212,622	9,212,622
Administration expenses payable	500	-	-	500
Total Liabilities	500	-	9,212,622	9,213,122
Net Assets Available for Benefits	\$ -	\$ 5,768,663	\$ 8,955,157	\$ 14,723,820

Kline Electric, Inc. Employee Stock Ownership Plan
Statements of Changes in Net Assets Available for Benefits
December 31, 2024

	2024			
	Other Investments	Allocated	Unallocated	Total
Additions				
Investment income				
Net appreciation in estimated fair value of Kline Electric, Inc. common stock	\$ -	\$ 340,359	\$ 1,104,358	\$ 1,444,717
Contributions:				
Employer	142,856	-	499,931	642,787
Allocation of 29,946 shares of Kline Electric, Inc. common stock at fair value	-	799,551	(799,551)	-
Total Additions	142,856	1,139,910	804,738	2,087,504
Deductions				
Interest expense	-	-	208,205	208,205
Administrative expense	1,330	-	-	1,330
Benefits paid	-	169,429	-	169,429
Total Deductions	1,330	169,429	208,205	378,964
Net Increase	141,526	970,481	596,533	1,708,540
Net Assets Available for Benefits				
Beginning of Year	-	5,768,663	8,955,157	14,723,820
Net Assets Available for Benefits				
End of Year	<u>\$ 141,526</u>	<u>\$ 6,739,144</u>	<u>\$ 9,551,690</u>	<u>\$ 16,432,360</u>

**Kline Electric, Inc. Employee Stock Ownership Plan
Statements of Changes in Net Assets Available for Benefits
December 31, 2023**

	2023			Total
	Other Investments	Allocated	Unallocated	
Additions				
Investment income				
Net appreciation in estimated fair value of Kline Electric, Inc. common stock	\$ -	\$ 944,408	\$ 3,563,290	\$ 4,507,698
Contributions:				
Employer	1,017	-	499,931	500,948
Allocation of 29,946 shares of Kline Electric, Inc. common stock at fair value	-	753,734	(753,734)	-
Total Additions	1,017	1,698,142	3,309,487	5,008,646
Deductions				
Interest expense	-	-	214,653	214,653
Administrative expense	1,017	-	-	1,017
Benefits paid	-	150,342	-	150,342
Total Deductions	1,017	150,342	214,653	366,012
Net Increase	-	1,547,800	3,094,834	4,642,634
Net Assets Available for Benefits				
Beginning of Year	-	4,220,863	5,860,323	10,081,186
Net Assets Available for Benefits				
End of Year	\$ -	\$ 5,768,663	\$ 8,955,157	\$ 14,723,820

**Kline Electric, Inc. Employee Stock Ownership Plan
Notes to Financial Statements
December 31, 2024 and 2023**

Note 1. Description of Plan

General

The following description of Kline Electric Inc. Employee Stock Ownership Plan and Trust (the Plan) provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Eligibility

All employees employed by Kline Electric, Inc. by December 31, 2016 were immediately eligible for the Plan. Employees hired or rehired after January 1, 2017 are eligible for the Plan once the employee completes one year of service defined as twelve consecutive months with at least 1,000 hours and attains the age of 18. Plan entry dates are January 1 and July 1 of every year.

Employer Contributions

The Company is obligated to make contributions in cash to the Plan that, when aggregated with the Plan's distributions and interest earnings, equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its note payable, if any. The Company may make discretionary profit sharing contributions to the Plan as determined by the Company. Employee contributions are not permitted.

Payment of Benefits

Upon the participant's separation from service for any reason other than death, the Plan Administrator will direct the trustee to distribute the participant's vested account balance not exceeding \$7,000 in a lump sum as soon as administratively practicable following the close of the Plan year when the employee incurs a separation from service. This should be made no later than the 60th day following the end of the Plan year in which the Participant attains normal retirement age. If separation from service is because of death of the participant, the Trustee will issue payment to the beneficiary of the participant.

Voting Rights

The trustee has the right to vote all voting stock held by the trust fund, except that each participant is entitled to direct the trustee regarding the voting of the employer securities allocated to the participant's account with respect to any corporate matter which involves the approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all assets of a trade or business, or such similar transaction as the Treasury may prescribe in regulations. The trustee does not have the right to vote any employer securities which a participant fails to vote as authorized by this provision.

Termination

The Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon such termination of the Plan, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms and subject to the provisions of ERISA. Upon termination of the Plan, the trustee will pay all liabilities and expenses of the trust fund.

Put Option

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

**Kline Electric, Inc. Employee Stock Ownership Plan
Notes to Financial Statements
December 31, 2024 and 2023**

Vesting

The vesting schedule for participants is as follows:

Years of Service	Percent Vested
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

A year of service is defined as twelve consecutive months with at least 1,000 hours with the employer.

Participant Accounts and Forfeitures

The Plan is a defined contribution plan under which a separate individual account is established for each participant. Discretionary employer contributions are allocated to each participant's account based upon the relation of the participant's compensation to total eligible compensation for the Plan year. Any forfeitures will be first allocated to Plan expenses, then any remaining forfeitures will be reallocated among participants. During the years 2024 and 2023, forfeitures of \$21,355 and \$26,297 were reallocated to participants, respectively. There were no forfeited nonvested accounts to be allocated to participant accounts in future years as of December 31, 2024 and 2023. Plan earnings are allocated to each participant's account based on the ratio of the participant's shares compared to the total shares.

Note 2. Significant Accounting Policies

Basis of Accounting

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

Payment of Benefits

Benefits are recorded when paid or distributed. During the years ended December 31, 2024 and 2023, shares with a stated value of \$169,429 and \$150,342, respectively, were distributed to terminated participants for vested benefits.

Investment Valuation and Income Recognition

Investments of the Plan are recorded at estimated fair value. The fair value of Kline Electric, Inc. is determined by an annual independent appraisal.

Concentration

All of the Plan's investments are in the stock of the Company, which primarily operates in the state of Iowa. The primary liquidity to the Plan comes from the Company's pay down of debt to release shares.

Diversification

Diversification is offered to participants close to retirement age so that they may have the opportunity to move part of the value of their investment in Company stock into investments which are more diversified. Participants who are at least age 55 with at least 10 years of participation in the Plan may elect to diversify a portion of their account.

Kline Electric, Inc. Employee Stock Ownership Plan
Notes to Financial Statements
December 31, 2024 and 2023

Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25% of the number of shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage is 50%. Participants who elect to diversify receive a cash distribution.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported changes in net assets during the reporting period. Actual results may differ from those estimates.

The financial statements include Kline Electric, Inc. common stock valued at \$25,211,730 and \$23,936,442 at December 31, 2024 and 2023, respectively. The value was determined by an independent appraisal in the absence of readily ascertainable market values. Because of the inherent subjectivity in any valuation, those estimated values may differ significantly from values that would have been used had a ready market for those securities existed, and the difference could be material in the near-term.

Allocations

The financial statements of the Plan present separately the assets and liabilities and changes therein pertaining to: (a) the accounts of employees with rights in allocated stock (allocated) and (b) stock not yet allocated to employees (unallocated), including shares that are committed to be released. Shares are released from collateral and become allocated generally in the period in which debt service is actually paid.

Administrative Expenses

Administrative expenses may be paid by the Company or the Plan, at the Company's discretion.

Date of Management Review

Management has evaluated subsequent events through October 10, 2025, the date that the financial statements were available to be issued.

Note 3. Income Tax Status

The IRS has determined and informed the Plan sponsor by a letter dated November 11, 2017, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan administrator and the Plan's tax counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt as of December 31, 2024 and 2023.

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

Kline Electric, Inc. Employee Stock Ownership Plan
Notes to Financial Statements
December 31, 2024 and 2023

Note 4. Administration of Plan Assets

The Plan's assets, which consist of Kline Electric, Inc. common stock and cash, are held and managed by the trustees of the Plan. The Plan has hired a third-party administrator for participant account administration and to make distributions to participants. Kline Electric, Inc. paid costs of Plan administration during 2024 and 2023. Certain administrative functions are performed by officers or employees of the company. No such officer or employee receives compensation from the Plan.

Note 5. Investments and Fair Value Measurements

Accounting principles generally accepted in the United States of America establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1** Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2** Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3** Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All plan investments are in Kline Electric, Inc. stock which is a non-participant directed investment. Information about the Plan's investment in Kline Electric, Inc. common stock at December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Shares of voting common stock		
Allocated shares	252,402	229,188
Unallocated shares	<u>691,857</u>	<u>721,803</u>
Total shares	<u>944,259</u>	<u>950,991</u>
Cost	\$ 11,589,835	\$ 11,672,464
Fair value	\$ 25,211,730	\$ 23,936,442

The estimated fair value of the stock was based on an independent appraisal using valuation techniques which utilize observable inputs, but which also utilize significant assumptions and estimates, and therefore the valuation inputs are considered to be a Level 3 classification under the fair value hierarchy established in accounting standards. The significant assumptions and estimates include discounted cash flows and income levels, and discount percentage for lack of marketability (liquidity). The valuation for the years ended December 31, 2024 and 2023 used a 5% discount for lack of marketability.

Kline Electric, Inc. Employee Stock Ownership Plan
Notes to Financial Statements
December 31, 2024 and 2023

The following tables present by level, within the fair value hierarchy, the Plan investment assets at fair value, as of December 31, 2024 and 2023. Investment assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

	December 31, 2024			
	Fair Value Measurements Using			
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Kline Electric, Inc. Common Stock	\$ 25,211,730	\$ -	\$ -	\$ 25,211,730
Noninterest-bearing cash	142,936	142,936	-	-
Investments at fair value	<u>\$ 25,354,666</u>	<u>\$ 142,936</u>	<u>\$ -</u>	<u>\$ 25,211,730</u>

	December 31, 2023			
	Fair Value Measurements Using			
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Kreg Enterprises, Inc. Common Stock	\$ 23,936,442	\$ -	\$ -	\$ 23,936,442
Noninterest-bearing cash	500	500	-	-
Investments at fair value	<u>\$ 23,936,942</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 23,936,442</u>

Information about changes in Level 3 assets for the years ended December 31, 2024 and 2023 is as follows:

	December 31, 2024	December 31, 2023
Beginning balance	\$ 23,936,442	\$ 19,579,087
Net appreciation in value of Kline Electric, Inc. common stock	1,444,717	4,507,697
Benefit payments	(169,429)	(150,342)
Ending balance	<u>\$ 25,211,730</u>	<u>\$ 23,936,442</u>

Kline Electric, Inc. Employee Stock Ownership Plan
Notes to Financial Statements
December 31, 2024 and 2023

There were no transfers in or out of Level 3 assets for the year ended December 31, 2024 and 2023.

Note 6. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

Note 7. Notes Payable

On December 30, 2016 Kline Electric Inc. entered into an agreement with the Plan to sell all issued shares of the Company, 1,000,000 shares, for \$12,274,000. Payments are to be made annually by the Company in the amount of \$499,931 for 35 years, maturing on December 31, 2050. The interest rate on the loan is 2.26%. The balances of the loan at December 31, 2024 and 2023 were \$8,920,896 and \$9,212,622, respectively. Kline Electric, Inc. is a related party.

The scheduled amortization of the loans for the next five years and thereafter is as follows:

2025	\$	298,319
2026		305,061
2027		311,955
2028		319,005
2029		326,215
Thereafter		<u>7,360,341</u>
	\$	<u>8,920,896</u>

Unallocated shares are collateral for the loan. Shares are released from collateral and allocated to participants as payments of principal and interest are made. The number of shares released in any year is the number of shares held as collateral, times the ratio of the current year payments divided by the total of this year's payments, plus all future years' principal and interest payments. This resulted in 206,601 and 192,950 shares being released for the plan years ended December 31, 2024 and 2023, respectively, of which 29,946 were released in 2024 and 29,946 were released in 2023. The value of the allocated shares at December 31, 2024 was \$6,739,144 and the unallocated shares were valued at \$18,472,587. The value of the allocated shares at December 31, 2023 was \$5,768,663 and the unallocated shares were valued at \$18,167,779.

Note 8. Party in Interest Transactions

Party-in-interest transactions include those with fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer whose employees are covered by the Plan, an employee organization whose members are covered by the Plan, a person who owns 50% or more of such an employer or employee association or relatives of such persons.

The Plan invests in Company common stock. The Plan also has a number of service providers. Such providers are parties in interest under ERISA. Additionally, the Plan incurs expenses related to certain appraisal, accounting and auditing fees. The Company pays these expenses and provides certain administrative services at no cost to the Plan.

**Kline Electric, Inc. Employee Stock Ownership Plan
Notes to Financial Statements
December 31, 2024 and 2023**

The note payable is with Kline Electric, Inc., the sponsor of the Plan. Payments of \$499,931 and \$499,931 were received by the Plan during 2024 and 2023, respectively. The plan made loan payments of \$499,931 and \$499,931 to Kline Electric, Inc. in 2024 and 2023, respectively.

Note 9. Risks and Uncertainties

The Plan primarily invests in Company common stock, which is exposed to various risks, such as interest rate, market and credit risks as well as valuation assumptions based on earnings, cash flows and/or other such techniques. Due to the level of risk associated with such investment securities and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near term could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits and the statements of changes in net assets available for benefits.

Note 10. Plan Amendments

Effective January 1, 2024, the Plan was amended to increase the dollar limit for mandatory distributions from \$5,000 to \$7,000.

Supplemental Schedule

Kline Electric, Inc. Employee Stock Ownership Plan
EIN 80-0099527 PN 002
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)
December 31, 2024

Identity of issue, borrower, lessor or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current value
* Common stock, Kline Electric, Inc.	Number of shares: 1,000,000 issued, 944,260 outstanding	\$ 11,589,835	\$ 25,211,730
* Party in Interest			

**KLINE ELECTRIC, INC. EMPLOYEE STOCK
OWNERSHIP PLAN AND TRUST**
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
December 31, 2024
EIN: 80-0099527

Identity of Issue	Cost	Current Value
* Common stock, Kline Electric, Inc. Number of shares: 1,000,000 issued, 944,259 outstanding	\$ 11,589,835	\$ 25,211,730

* - Party in interest