

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2019

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 000-000147

CRAWFORD UNITED CORPORATION

(Formerly Hickok Incorporated)

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction of incorporation or organization)

34-0288470

(I.R.S. Employer Identification No.)

10514 Dupont Avenue, Cleveland, Ohio

(Address of principal executive offices)

44108

(Zip Code)

Registrant's telephone number **(216) 243-2614**

Securities registered pursuant to

Section 12(b) of the Act:

NONE

Securities registered pursuant to Section 12(g) of the Act:

Class A Common Shares, without par value

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input checked="" type="checkbox"/>
	Emerging growth company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). **Yes** ☐ **No** ☒

As of June 30, 2019, the Registrant had 2,145,806 voting Class A Common Shares outstanding and 596,848 voting Class B Common Shares outstanding. As of such date, non-affiliates held 982,188 Class A Common Shares and 80,056 Class B Common Shares. As of June 30, 2019, based on the closing price of \$18.00 per Class A Common Share on the Over The Counter Bulletin Board, the aggregate market value of the Class A Common Shares held by such non-affiliates was approximately \$17,679,384. There is no trading market in the Class B Common Shares.

As of February 28, 2020, 2,537,629 Class A Common Shares and 771,848 Class B Common Shares were outstanding.

Documents Incorporated by Reference:

Portions of the Registrant's Definitive Proxy Statement to be filed in connection with its 2020 Annual Meeting of Shareholders are incorporated by reference into Part III (Items 10, 11, 12, 13 and 14) of this report.

Except as otherwise stated, the information contained in this Form 10-K is as of December 31, 2019.

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PART I

ITEM 1. BUSINESS.

Corporate Name Change

In connection with the sale of certain assets comprising its Test and Measurement business segment to Hickok Waekon, LLC, Hickok Incorporated agreed to take commercially reasonable efforts to change its name to one or more names that do not include “Hickok” or “Waekon” or any derivation thereof.

Buyer granted the Company a non-exclusive, irrevocable, non-assignable, worldwide, royalty-free license to utilize the “Hickok” trademark and trade name in its business during a post-closing period following the closing of the Transaction. Buyer granted the Company a similar license to use the “Hickok-Inc.com” domain name during such post-closing period. On May 15, 2019, Hickok Incorporated changed its name to Crawford United Corporation and its trading symbol for its Class A Common Shares to “CRAWA.”

General Development of Business

Crawford United was founded in 1910 and organized in 1915 as an Ohio corporation, and first offered its securities to the public in 1959. Except as otherwise stated, the terms “Company” or “Crawford United” as used herein mean Crawford United and its wholly-owned subsidiaries, CAD Enterprises Inc., Data Genomix LLC, Federal Hose Manufacturing LLC, Crawford AE LLC, doing business as Air Enterprises, and Supreme Electronics Corp. Crawford United is a publicly traded holding company serving diverse markets, including healthcare, education, automotive, aerospace, trucking, and petrochemical.

The Company operates three reportable business segments: (1) Aerospace Components, (2) Commercial Air Handling, (3) and Industrial Hose. The Company operated the Test and Measurement business segment through June 1, 2018, at which time it was sold to Hickok Waekon, LLC.

Aerospace Components:

The Aerospace Components segment was added July 1, 2018, when the Company purchased all of the issued and outstanding shares of capital stock of CAD Enterprises, Inc. (“CAD”) in Phoenix, Arizona. This segment manufactures precision components primarily for customers in the aerospace industry. This segment provides complete end-to-end engineering, machining, grinding, welding, brazing, heat treat and assembly solutions. Utilizing state-of-the-art machining and welding technologies, this segment is an industry leader in providing complex components produced from nickel-based superalloys and stainless steels. Our quality certifications include ISO 9001:2015/AS9100D, as well as Nadcap accreditation for Fluorescent Penetrant Inspection (FPI), Heat Treating/Braze, Non-Conventional Machining EDM, TIG/E-Beam welding.

Commercial Air Handling:

The Commercial Air Handling segment was added June 1, 2017, when the Company purchased certain assets and assumed certain liabilities of Air Enterprises Acquisition LLC in Akron, Ohio. The acquired business, which operates under the name Air Enterprises, is an industry leader in designing, manufacturing and installing large-scale commercial, institutional, and industrial custom air handling solutions. Its customers are typically in the health care, education, pharmaceutical and industrial manufacturing markets in the United States. This segment also sells to select international markets. The custom air handling units are constructed of non-corrosive aluminum, resulting in sustainable, long-lasting, and energy efficient solutions with life expectancies of 50 years or more. These products are distributed through a network of sales representatives, based on relationships with health care networks, building contractors and engineering firms. The custom air handling equipment is designed, manufactured and installed under the brand names FactoryBilt® and SiteBilt®. FactoryBilt® air handling solutions are designed, fabricated and assembled in a vertically integrated process entirely within the Akron, Ohio facility. SiteBilt® air handling solutions are designed and fabricated in Akron, but are then crated and shipped to the field and assembled on-site.

Industrial Hose:

The Industrial Hose segment was added July 1, 2016, when the Company purchased the assets of Federal Hose Manufacturing, LLC in Painesville, Ohio. This business segment includes the manufacture of flexible interlocking metal hoses and the distribution of silicone and hydraulic hoses. Metal hoses are sold primarily to major heavy-duty truck manufacturers and major aftermarket suppliers in North America. Metal hoses are also sold into the agricultural, industrial and petrochemical markets. Silicone hoses are distributed to a number of industries in North America, including agriculture and general industrial markets.

Test and Measurement:

The Test and Measurement segment is the legacy business that was started in 1910 when the Company was founded, and was sold on June 1, 2018. This business segment included electronic testing products designed and manufactured for the automotive and trucking industries and includes indicators and gauges for the locomotive and aircraft industries. The automotive diagnostic products were sold to original equipment manufacturers and to the aftermarket under several brand names and through a variety of distribution methods. In the aircraft industry, primary customers were manufacturers of commercial, military and personal airplanes. In the locomotive industry, indicators and gauges were sold to manufacturers and servicers of railroad equipment and locomotives.

Sources and Availability of Raw Materials

Raw materials essential to the business segments are acquired from a large number of domestic manufacturers and some materials are purchased from European and Southeast Asian sources.

The Aerospace Components segment uses various materials in the manufacture of its products, the most significant being forgings and castings. Two suppliers provide over 50% of inventory purchases in this segment. If any one of these sources of supply were interrupted for any reason, the Company would need to devote additional time and expense in obtaining the same volume of supply from its other qualified sources.

The Industrial Hose segment uses various materials in the manufacture of its products, including steel fittings and hose packing consisting of silicone, cotton and copper wire. Two suppliers provide over 50% of inventory purchases in this segment. If any one of these sources of supply were interrupted for any reason, the Company would need to devote additional time and expense in obtaining the same volume of supply from its other qualified sources.

Aluminum, the major raw material used in construction of the Commercial Air Handling units, is sourced from one major supplier but is generally readily available from other sources. Copper is used by suppliers of a major component used in the product and the Company maintains relationships with three suppliers of these components to limit vulnerability. The Company maintains relationships with multiple suppliers for most of the other componentry used in assembly of the product, in order to maintain best costs for material and competitive lead times. The majority of materials for this segment are sourced domestically or from Canada.

The Company believes it has adequate sources of supply for its primary raw materials and components and has not had difficulty in obtaining the raw materials, component parts or finished goods from its suppliers.

Importance of Patents, Licenses, Franchises, Trademarks and Concessions

The Company had a number of patents that related to the Test and Measurement segment that was divested in June 2018. There are no significant patents associated with the Company's existing operations. Other than the names "Federal Hose" and "Air Enterprises" and the FactoryBilt® and SiteBilt® registered trademarks, the Company does not have any material licenses, franchises or concessions.

Seasonality

In light of the markets served by its products, the Company does not believe that its Aerospace Components, Industrial Hose, or Commercial Air Handling businesses are seasonal in nature. The Company believes that seasonality impacted the Test and Measurement segment based upon the automotive aftermarket revenues, as the first and fourth quarters of the calendar year tend to be weaker than the other two quarters in this market. Since the sale of this segment in June 2018, this seasonality has not affected operating results.

Dependence on Customers

For the year ended December 31, 2019, sales to three customers in the Commercial Air Handling segment were 12% of consolidated sales of the Company, while one customer in the Aerospace Components segment accounted for 29% of consolidated sales. For the year ended December 31, 2018, sales to two customers in the Commercial Air Handling segment were 14% of consolidated sales of the Company, while one customer in the Aerospace Components segment accounted for 18% of consolidated sales. The Company has long-term contractual relationships with a large customer in the Aerospace Components segment.

Competitive Conditions

The Company is engaged in highly competitive industries and faces competition from domestic and international firms. Competition in the Industrial Hose segment comes from domestic and international suppliers. The Company believes that its products in this segment are largely commodities, but the Company's products are differentiated by a well-known brand name and excellent customer service. Competition in the Commercial Air Handling segment comes from both custom and non-custom air handling solution manufacturers. The Company believes that it has a strong competitive position due to the high quality and long life of the Company's customized aluminum air handling solutions. Competition in the Aerospace Components segment comes from other domestic and international components manufacturers; however, the Company believes that it has a strong competitive position due to its expertise, certifications, long term customer contracts, and reputation for excellent quality.

Number of Persons Employed

Total employment by the Company was 271 full-time employees at December 31, 2019, compared to was 275 full-time employees at December 31, 2018.

Available Information

The Company's Internet address is <http://www.crawfordunited.com/>. Crawford United makes available free of charge on or through its website its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy and information statements and amendments and supplements to those reports and statements filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after the Company electronically files such materials with, or furnishes them to, the Securities and Exchange Commission (the "SEC"). The SEC maintains an Internet site that contains these documents at www.sec.gov.

ITEM 1A. RISK FACTORS.

You should carefully consider the risks and uncertainties described below, together with the information included elsewhere in this Annual Report on Form 10-K and other documents we file with the SEC. The risks and uncertainties described below are those that we have identified as material, but are not the only risks and uncertainties facing us. Our business is also subject to general risks and uncertainties that affect many other companies, such as market conditions, economic conditions, geopolitical events, changes in laws, regulations or accounting rules, fluctuations in interest rates, terrorism, wars or conflicts, major health concerns, natural disasters or other disruptions of expected business conditions. Additional risks and uncertainties not currently known to us or that we currently believe are immaterial also may impair our business, including our results of operations, liquidity and financial condition.

Conditions in the global economy, the particular markets we serve and the financial markets may adversely affect our business and results of operations.

We may experience substantial increases and decreases in business volume throughout economic cycles. Industries we serve, including the heavy-duty truck, industrial equipment, aircraft, health care, education, pharmaceutical, industrial manufacturing, agricultural, and petrochemical industries are sensitive to general economic conditions. Slower global economic growth, volatility in the currency and credit markets, high levels of unemployment or underemployment, reduced levels of capital expenditures, changes or anticipation of potential changes in government trade, fiscal, tax and monetary policies, public health crises, changes in capital requirements for financial institutions, government deficit reduction and budget negotiation dynamics, sequestration, austerity measures and other challenges that affect the global economy may adversely affect us and our distributors, customers and suppliers, including having the effect of:

- reducing demand for our products, limiting the financing available to our customers and suppliers, increasing order cancellations and resulting in longer sales cycles and slower adoption of new technologies;
- increasing the difficulty in collecting accounts receivable and the risk of excess and obsolete inventories;
- increasing price competition in our served markets;
- supply interruptions, which could disrupt our ability to produce our products;
- increasing the risk that counterparties to our contractual arrangements will become insolvent or otherwise unable to fulfill their contractual obligations; and
- adversely impacting market sizes and growth rates.

If growth in the global economy or in any of the markets we serve slows for a significant period, if there is significant deterioration in the global economy or such markets or if improvements in the global economy do not benefit the markets we serve, it could have a material adverse effect on our financial condition, liquidity and results of operations.

Significant developments or uncertainties stemming from U.S. laws and policies, including changes in U.S. trade policies, tariffs and the reaction of other countries thereto, could have an adverse effect on our business.

Changes, potential changes or uncertainties in U.S. social, political, regulatory and economic conditions or laws and policies governing foreign trade, manufacturing, and development and investment in the territories and countries where we or our customers operate, could adversely affect our business and financial results. For example, the U.S. administration has increased tariffs on certain goods imported into the United States, raising the possibility of imposing significant, additional tariff increases and substantial changes to trade agreements. These factors have adversely affected, and in the future could further adversely affect, our business and results of operations. Furthermore, retaliatory tariffs or other trade restrictions on products and materials that we or our customers and suppliers export or import could affect demand for our products. Direct or indirect consequences of tariffs, retaliatory tariffs or other trade restrictions may also alter the competitive landscape of our products in one or more regions of the world. Trade tensions or other governmental action related to tariffs or international trade agreements or policies has the potential to negatively impact our business, financial condition and results of operations.

Decreased availability or increased costs of materials could increase our costs of producing our products.

We purchase raw materials, fabricated components, some finished goods and services from a variety of suppliers. Where appropriate, we employ contracts with our suppliers, both domestic and international. From time to time, however, the prices, availability, or quality of these materials fluctuate due to global market demands, import duties and tariffs, economic conditions, or other conditions such as public health crises, which could impair our ability to procure necessary materials or increase the cost of these materials. For example, in December 2019 and January 2020, an outbreak of a new strain of Coronavirus in Wuhan, China, has resulted in travel disruption and an impact on corporate operations in China. At this point, the exact extent to which the Coronavirus may impact our supply chain or results of operations is uncertain; however, our operational results may suffer and our revenues may be impacted in 2020 as a result of the Coronavirus outbreak. Further, inflationary and other increases in costs of materials have occurred in the past and may recur from time to time. In addition, freight costs associated with shipping products and receiving materials are impacted by fluctuations in the cost of oil and gas. A reduction in the supply or increase in the cost or change in quality of those materials could impact our ability to manufacture our products and could increase the cost of production, which could negatively impact our revenues and profitability.

Our growth could suffer if the markets into which we sell our products decline, do not grow as anticipated or experience cyclicality.

Our growth depends in part on the growth of the markets which we serve. Our quarterly sales and profits depend substantially on the volume and timing of orders received during the fiscal quarter, which are difficult to forecast. Any decline or lower than expected growth in our served markets could diminish demand for our products and services, which would adversely affect our financial results. Certain of our businesses operate in industries that may experience seasonality or other periodic, cyclical downturns. Demand for our products is also sensitive to changes in customer order patterns, which may be affected by announced price changes, marketing, new product introductions, changes in distributor or customer inventory levels due to distributor or customer management thereof or other factors. Any of these factors could adversely affect our growth and results of operations in any given period.

We are engaged in highly competitive industries and if we are unable to compete effectively, we may experience decreased demand and decreased market share.

Our businesses operate in industries that are highly competitive. In order to compete effectively, we must retain longstanding relationships with major customers and continue to grow our business by establishing relationships with new customers, continually developing new products to maintain and expand our brand recognition and position in various product categories and penetrating new markets, including high-growth markets. Our failure to compete effectively and/or pricing pressures resulting from competition may adversely impact our financial results.

Adverse credit market conditions may significantly affect our access to capital, cost of capital and ability to meet liquidity needs.

Disruptions, uncertainty or volatility in the credit markets may adversely impact our ability to access credit already arranged and the availability and cost of credit to us in the future. These market conditions may limit our ability to replace, in a timely manner, maturing liabilities and access the capital necessary to grow and maintain our business. Accordingly, we may be forced to delay raising capital or pay unattractive interest rates, which could increase our interest expense, decrease our profitability and significantly reduce our financial flexibility. Longer-term disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation, reduced alternatives or failures of significant financial institutions could adversely affect our access to liquidity needed for our business. Any disruption could require us to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business needs can be arranged. Such measures could include deferring capital expenditures or other discretionary uses of cash. Overall, our results of operations, financial condition and cash flows could be materially adversely affected by disruptions in the credit markets.

Our revolving credit facility contains various covenants limiting the discretion of our management in operating our business, including requiring us to maintain a maximum fixed charge coverage ratio.

Our revolving credit facility contains various restrictive covenants and restrictions, including financial covenants that limit management's discretion in operating our business. In particular, these instruments limit our ability to, among other things:

- incur additional debt;
- grant liens on assets;
- make investments, including capital expenditures;
- sell or acquire assets outside the ordinary course of business;
- engage in transactions with affiliates; and
- make fundamental business changes.

The revolving credit facility also requires us to maintain a fixed charge coverage ratio of 1.20 to 1.00. If we fail to comply with the restrictions in the revolving credit facility or any other current or future financing agreements, a default may allow the creditors under the relevant agreements to accelerate the related debts and to exercise their remedies under these agreements, which typically will include the right to declare the principal amount of that debt, together with accrued and unpaid interest, and other related amounts, immediately due and payable, to exercise any remedies the creditors may have to foreclose on assets that are subject to liens securing that debt, and to terminate any commitments they had made to supply further funds. The exercise of any default remedies by our creditors would have a material adverse effect on our ability to finance working capital needs and capital expenditures.

We are dependent on key customers.

We rely on several key customers. For the twelve months ended December 31, 2019, our ten largest customers accounted for approximately 53% of our net sales. For the twelve months ended December 31, 2018, our ten largest customers accounted for approximately 50% of our net sales. Due to competitive issues, we have lost key customers in the past and may again in the future. Customer orders are dependent upon their markets and may be subject to delays or cancellations. As a result of dependence on our key customers, we could experience a material adverse effect on our business and results of operations if any of the following were to occur:

- the loss of any key customer, in whole or in part;
- the insolvency or bankruptcy of any key customer;
- a declining market in which customers reduce orders or demand reduced prices; or
- a strike or work stoppage at a key customer facility, which could affect both their suppliers and customers.

If any of our key customers become insolvent or file for bankruptcy, our ability to recover accounts receivable from that customer would be adversely affected and any payments we received in the preference period prior to a bankruptcy filing may be potentially forfeitable, which could adversely impact our results of operations.

Our acquisition of businesses could negatively impact our financial results.

As part of our business strategy we acquire businesses. Acquisitions involve a number of financial, accounting, managerial, operational, legal, compliance and other risks and challenges, including the following, any of which could adversely affect our business and our financial results:

- any business that we acquire could under-perform relative to our expectations and the price that we paid or not perform in accordance with our anticipated timetable, or we could fail to operate any such business profitably;
- acquisitions could cause our financial results to differ from our own or the investment community's expectations in any given period, or over the long-term;
- pre-closing and post-closing earnings charges could adversely impact operating results in any given period, and the impact may be substantially different from period-to-period;
- acquisitions could create demands on our management, operational resources and financial and internal control systems that we are unable to effectively address;
- we could experience difficulty in integrating personnel, operations and financial and other controls and systems and retaining key employees and customers;
- we may be unable to achieve cost savings or other synergies anticipated in connection with an acquisition; or
- we may assume unknown liabilities, known contingent liabilities that become realized, known liabilities that prove greater than anticipated or internal control deficiencies from the acquired company's activities and the realization of any of these liabilities or deficiencies may increase our expenses or adversely affect our financial position.

Future claims, litigation and regulatory actions could adversely affect our financial condition and our ability to conduct our business.

While we strive to ensure that our products comply with applicable government regulatory standards and internal requirements and that our products perform effectively and safely, customers from time to time could claim that our products do not meet contractual requirements, and users could be harmed by use or misuse of our products. This could give rise to breach of contract, warranty or recall claims, or claims for negligence, product liability, strict liability, personal injury or property damage. Product liability insurance coverage may not be available or adequate in all circumstances. In addition, claims may arise related to patent infringement, environmental liabilities, distributor terminations, commercial contracts, antitrust or competition law, employment law and employee benefits issues and other regulatory matters. While we have in place processes and policies to mitigate these risks and to investigate and address such claims as they arise, we cannot predict the underlying costs to defend or resolve such claims.

Our business operations could be significantly disrupted by the loss of any members of our senior management team and segment leaders.

Our success depends to a significant degree upon the continued contributions of our senior management team and segment leaders. Our senior management team has extensive marketing, sales, manufacturing, finance and engineering experience, and we believe that the depth of our management team is instrumental to our continued success. The loss of any of our key managers in the future could significantly impede our ability to successfully implement our business strategy, financial plans, expansion of services, marketing and other objectives.

A significant disruption in, or breach in security of, our information technology systems or data could adversely affect our business, reputation and results of operations.

We rely on information technology systems to process, transmit and store electronic information (including sensitive data such as confidential business information and personally identifiable data relating to employees and customers), and to manage or support a variety of critical business processes and activities (such as receiving and fulfilling orders, billing, collecting and making payments, shipping products and fulfilling contractual obligations). These systems may be damaged, disrupted or shut down due to attacks by computer hackers, computer viruses, ransomware, human error or malfeasance, power outages, hardware failures, telecommunication or utility failures, catastrophes or other unforeseen events, and in any such circumstances our system redundancy and other disaster recovery planning may be ineffective or inadequate. Security breaches could result in the misappropriation, destruction or unauthorized disclosure of confidential information or personal data belonging to us or to our employees, customers or suppliers. Our information technology systems may be exposed to computer viruses, malicious codes, unauthorized access and other cyber-attacks and we expect the sophistication and frequency of such attacks to continue to increase. Any of the attacks, breaches or other disruptions or damage described above could interrupt our operations or the operations of our customers, delay production and shipments, result in theft of our and our customers' intellectual property and trade secrets, damage customer and employee relationships and our reputation or result in defective products, legal claims and proceedings, liability and penalties under privacy laws and increased costs for security and remediation, each of which could adversely affect our business, reputation and results of operations.

Our business is subject to a variety of domestic and international laws, rules, policies and other obligations regarding data protection.

The processing and storage of certain information is increasingly subject to privacy and data security regulations and many such regulations are country-specific. The interpretation and application of data protection laws in the U.S., Europe and elsewhere, including but not limited to the California Consumer Privacy Act and the General Data Protection Regulation (the "GDPR"), are uncertain, evolving and may be inconsistent among jurisdictions. Complying with these various laws may be difficult and could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business. We may be required to expend additional resources to continue to enhance our information privacy and security measures, investigate and remediate any information security vulnerabilities and/or comply with regulatory requirements.

Changes in foreign, cultural, political and financial market conditions could impair the Company's operations and financial performance.

The economies of foreign countries important to the Company's operations could suffer slower economic growth or economic, social and/or political instability or hyperinflation in the future. The Company's international operations, including sourcing operations (and the international operations of the Company's customers), are subject to inherent risks which could adversely affect the Company, including, among other things:

- protectionist policies restricting or impairing the manufacturing, sales or import and export of the Company's products, including tariffs and countermeasures;
- new restrictions on access to markets;
- lack of developed infrastructure;
- inflation (including hyperinflation) or recession;
- devaluations or fluctuations in the value of currencies;
- changes in and the burdens and costs of compliance with a variety of laws and regulations, including the Foreign Corrupt Practices Act, tax laws, accounting standards, trade protection measures and import and export licensing requirements, environmental laws and occupational health and safety laws;
- social, political or economic instability;
- acts of war and terrorism;
- natural disasters or other crises;
- reduced protection of intellectual property rights; and
- increases in duties and taxation;

Further, on June 23, 2016, the United Kingdom held a referendum in which voters approved the withdrawal of the United Kingdom from the European Union. Because of the referendum, the British government began negotiating the terms of the United Kingdom's future relationship with the European Union. While the European Union and United Kingdom reached an agreement on Brexit in October 2019, and the United Kingdom exited the European Union on January 31, 2020, details of the new trade and regulatory relationship are still to be finalized. There may be greater restrictions on imports and exports between the United Kingdom and European Union countries and increased regulatory complexities in the future. These changes could cause disruptions to trade and free movement of goods, services, and people to and from the United Kingdom, disruptions to the workforce or the workforce of the Company's suppliers or business partners, increased foreign exchange volatility with respect to the British pound and additional legal, political, and economic uncertainty. The foregoing could create uncertainty surrounding the Company's business and the business of existing and future customers and suppliers, which could increase the cost of some of the Company's products, thereby reducing its margins. Further, the foregoing risks could have a significant adverse impact on the Company's ability to commercialize its products on a competitive basis in international markets and may have a material adverse effect on its business, financial condition, and results of operations. The Company's small sales volume in some countries, relative to some multinational and local competitors, could exacerbate such risks.

Should any of these risks occur, the Company's ability to sell or export its products could be impaired; the Company could experience a loss of sales and profitability from its international operations; and/or the Company could experience a substantial impairment or loss of assets, any of which could have a material adverse impact on the Company's business.

The elimination of or change in the London Interbank Offered Rate (LIBOR) may adversely affect the interest rates on and value of certain floating rate securities and other instruments that we hold.

LIBOR is a common benchmark interest rate (or reference rate) used to set and make adjustments to interest rates for certain floating rate securities and other financial instruments. Published reports have indicated that regulatory authorities and/or financial institutions may change how LIBOR is calculated or discontinue its calculation and publication after 2021. Alternative reference rates have been developed, including The Federal Reserve Bank of New York's Secured Overnight Financing Rate (SOFR), but the acceptance of such alternative rates and their applicability to existing instruments is uncertain. If LIBOR ceases to exist or if the methods of calculating LIBOR change from current methods for any reason, outstanding securities with interest rates tied to LIBOR may be adversely affected if those securities either do not provide for the automatic substitution of another reference rate or convert to another reference rate or a fixed rate that could be less favorable to us. Outstanding securities and contracts that could be affected include certain preferred stocks and other floating rate securities, fixed rate securities that may convert to LIBOR-based floating rate instruments in the future, certain derivatives, and any other assets or liabilities whose value is tied to LIBOR. Any uncertainty regarding the continued use and reliability of LIBOR as a benchmark interest rate could also adversely affect the value of those instruments.

Unforeseen future events may negatively impact our economic condition.

Future events may occur that would adversely affect the reported value of our assets. Such events may include, but are not limited to, strategic decisions made in response to changes in economic and competitive conditions, the impact of the economic environment on our customer base, or a material adverse change in our relationship with significant customers.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not Applicable.

ITEM 2. PROPERTIES.

The Company operates facilities in the United States of America as shown below:

<u>LOCATION</u>	<u>SIZE</u>	<u>DESCRIPTION</u>	<u>OWNED OR LEASED</u>
Akron, OH	100,000 Sq. Ft.	Used for design and manufacturing air handling units and administration	Leased through 2024, with renewal options extending through 2034.
Cleveland, Ohio	37,000 Sq. Ft.	Used for corporate administrative headquarters.	Owned
Ocala, Florida	7,500 Sq. Ft.	Used for the storage of hydraulic hose.	Leased, through 2023.
Painesville, Ohio	50,000 Sq. Ft.	Used for manufacturing flexible metal hose and administration.	Leased, through 2026.
Phoenix, Arizona	71,000 Sq. Ft.	Used for manufacturing and precision machining of aerospace components.	Leased through 2022, with renewal options extending through 2026.

The Company's headquarters and executive offices are located in Cleveland, Ohio. The Company's Industrial Hose segment utilizes the Painesville, Ohio and Ocala, Florida properties. The Company's Commercial Air Handling segment utilizes the Akron, Ohio property. The Company's Aerospace segment utilizes the Phoenix, Arizona property.

ITEM 3. LEGAL PROCEEDINGS.

Crawford AE LLC (dba Air Enterprises), a wholly owned subsidiary of Crawford United Corporation, was named as a defendant in a lawsuit filed in Superior Court in Quebec, Canada by Carmichael Engineering Ltd. of Quebec ("Carmichael"). Carmichael's lawsuit seeks payment of invoices for materials and services it allegedly provided to Air Enterprises prior to the Company's acquisition of Air Enterprises and relating to a third-party cooling system. A trial date has been set for April 2020. The Company believes the claims have been improperly brought against the Company. The Company denies the allegations and will vigorously defend the claims asserted against it. The Company cannot predict the outcome of the above matters or estimate the possible loss or range of loss, if any. Management believes that the allegations are without merit and that the ultimate resolution of these matters will not have a material adverse effect on the consolidated financial condition, results of operations or cash flow of the Company.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

ITEM 4A. INFORMATION ABOUT OUR EXECUTIVE OFFICERS.*

The following is a list of the executive officers of the Company. The executive officers are elected each year and serve at the pleasure of the Board of Directors.

Mr. Brian E. Powers was elected to the Company's Board of Directors in February 2014 and became Chairman in July 2015. He was appointed Chief Executive Officer on September 1, 2016.

Mrs. Kelly J. Marek was elected Vice President Finance and Chief Financial Officer in December 2016.

<u>OFFICE</u>	<u>OFFICER</u>	<u>AGE</u>
Chairman and Chief Executive Officer	Brian E. Powers	57
Vice President Finance and Chief Financial Officer	Kelly J. Marek	49

- The description of Executive Officers called for in this Item is included pursuant to the instructions to Item 401 of Regulation S-K.

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.****a) MARKET INFORMATION**

The Company's Class A Common Shares are traded on the Over-The-Counter Pink Sheets under the symbol "CRAWA," formerly traded on the Over-The-Counter Pink Sheets under the symbol "HICKA." There is no market for the Company's Class B Common Shares.

The following table sets forth the per share range of high and low bids (Over-The-Counter Pink Sheets) for the Company's Class A Common Shares for the periods indicated. The Over-The-Counter Pink Sheet prices reflect inter-dealer prices without retail mark-up, mark-down or commissions and may not represent actual transactions. Trading on the Over-The-Counter Pink Sheets is limited and the prices quoted by brokers are not a reliable indication of the value of our common stock.

	Fiscal year ended December 31, 2019		Fiscal year ended December 31, 2018	
	HIGH	LOW	HIGH	LOW
First Quarter	\$ 14.00	\$ 10.00	\$ 10.50	\$ 7.75
Second Quarter	19.96	12.06	10.20	7.05
Third Quarter	20.21	14.00	13.50	8.50
Fourth Quarter	23.00	18.00	13.00	9.79

b) HOLDERS

As of February 28, 2020, there were approximately 157 shareholders of record of the Company's outstanding Class A Common Shares and 6 holders of record of the Company's outstanding Class B Common Shares.

ITEM 6. SELECTED FINANCIAL DATA.

This item is not applicable to the Company as a smaller reporting company.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Items Affecting the Comparability of our Financial Results

Effective June 1, 2018, the Company completed the sale of certain assets comprising its Test and Measurement business segment to Hickok Waekon, LLC, an Ohio limited liability company ("Buyer").

Effective July 1, 2018, the Company completed the acquisition of all of the issued and outstanding shares of capital stock of CAD Enterprises, Inc., ("CAD"). The results of this acquisition are reported under the Aerospace Components segment.

Effective April 19, 2019, the Company, completed the acquisition of substantially all of the assets of Data Genomix, Inc., an Ohio corporation ("DG"). DG is in the business of developing and commercializing marketing and data analytic technology applications. The results of this acquisition are reported under the Corporate and Other segment.

Accordingly, in light of the timing of these transactions, the Company's results for the year ended on December 31, 2019 include operations in the Aerospace Components segment and operations of DG in the Corporate and Other segment, but not in the Test and Measurement segment. Conversely, our results for the year ended December 31, 2018 include operations in the Test and Measurement segment, but not in the operations of DG in the Corporate and Other segment.

Reportable Segment Information

The Company is required to report segment information disclosures based on how management evaluates operating performance and resource allocations. The Company operates three reportable business segments: (1) Aerospace Components, (2) Commercial Air Handling, (3) and Industrial Hose. The Company operated the Test and Measurement business segment through June 1, 2018, at which time it was sold to Hickok Waekon, LLC.

Aerospace Components:

The Aerospace Components segment was added July 1, 2018, when the Company purchased all of the issued and outstanding shares of capital stock of CAD Enterprises, Inc. ("CAD") in Phoenix, Arizona. This segment manufactures precision components primarily for customers in the aerospace industry. This segment provides complete end-to-end engineering, machining, grinding, welding, brazing, heat treat and assembly solutions. Utilizing state-of-the-art machining and welding technologies, this segment is an industry leader in providing complex components produced from nickel-based superalloys and stainless steels. Our quality certifications include ISO 9001:2015/AS9100D, as well as Nadcap accreditation for Fluorescent Penetrant Inspection (FPI), Heat Treating/Braze, Non-Conventional Machining EDM, TIG/E-Beam welding.

Commercial Air Handling:

The Commercial Air Handling segment was added June 1, 2017, when the Company purchased certain assets and assumed certain liabilities of Air Enterprises Acquisition LLC in Akron, Ohio. The acquired business, which operates under the name Air Enterprises, is an industry leader in designing, manufacturing and installing large-scale commercial, institutional, and industrial custom air handling solutions. Its customers are typically in the health care, education, pharmaceutical and industrial manufacturing markets in the United States. This segment also sells to select international markets. The custom air handling units are constructed of non-corrosive aluminum, resulting in sustainable, long-lasting, and energy efficient solutions with life expectancies of 50 years or more. These products are distributed through a network of sales representatives, based on relationships with health care networks, building contractors and engineering firms. The custom air handling equipment is designed, manufactured and installed under the brand names FactoryBilt® and SiteBilt®. FactoryBilt® air handling solutions are designed, fabricated and assembled in a vertically integrated process entirely within the Akron, Ohio facility. SiteBilt® air handling solutions are designed and fabricated in Akron, but are then crated and shipped to the field and assembled on-site.

Industrial Hose:

The Industrial Hose segment was added July 1, 2016, when the Company purchased the assets of the Federal Hose Manufacturing, LLC in Painesville, Ohio. This business segment includes the manufacture of flexible interlocking metal hoses and the distribution of silicone and hydraulic hoses. Metal hoses are sold primarily to major heavy-duty truck manufacturers and major aftermarket suppliers in North America. Metal hoses are also sold into the agricultural, industrial and petrochemical markets. Silicone hoses are distributed to a number of industries in North America, including agriculture and general industrial markets.

Test and Measurement:

The Test and Measurement segment is the legacy business that was started in 1910 when the Company was founded, and was sold June 1, 2018. This business segment included electronic testing products designed and manufactured for the automotive and trucking industries and indicators and gauges for the locomotive and aircraft industries. The automotive diagnostic products are sold to original equipment manufacturers and to the aftermarket under several brand names and through a variety of distribution methods. In the aircraft industry, primary customers are manufacturers of commercial, military and personal airplanes. In the locomotive industry, indicators and gauges are sold to manufacturers and servicers of railroad equipment and locomotives.

Results of Operations

Year Ended December 31, 2019 Compared with Year ended December 31, 2018

Sales for the year ended December 31, 2019 (“current year”) increased to \$89.7 million, an increase of approximately \$23.3 million or 35% from sales of \$66.4 million during the year ended December 31, 2018 (“prior year”). This increase in sales was primarily attributable to results from the Aerospace Components segment acquired on July 1, 2018, as well organic growth, primarily from the Commercial Air Handling segment.

Cost of sales for the current year was \$70.1 million compared to \$51.1 million in the prior year, an increase of \$19.0 million or 37%. Gross profit was \$19.6 million in the current year compared to \$15.3 million in the prior year, an increase of \$4.3 million. The increase in cost of sales and gross profit was attributable to the addition of the Aerospace Components segment and stronger performance in the Commercial Air Handling segment.

There were no product development expenditures during the current year as those expenditures historically were related to the Test and Measurement segment which was divested in June 2018. The company had \$0.2 million of product and development expenditures in the prior year, which were made prior to the divestiture of the Test and Measurement business.

Selling, general and administrative expenses (SG&A) in the current year were \$9.1 million, or 10% of sales, compared to \$7.8 million, or 12% of sales, in the prior year. SG&A expenses increased due to higher selling expenses to support sales growth, and decreased as a percentage of sales due to the sale of the Test and Measurement segment. SG&A costs are comprised of sales and administrative salaries, commissions, professional services, intangible asset amortization, and other costs not directly associated with manufacturing of products.

Interest charges in the current year were approximately \$1.1 million compared to \$0.8 million in the prior year. The increase in interest expense was primarily related to the increase in weighted outstanding debt for the current year resulting from the acquisition of the Aerospace Components segment on July 1, 2018, in addition to the higher weighted average interest rate in the current year.

There was no loss on the sale of business in the current year, as compared to \$1.2 million loss in the prior year. The loss on the sale of business is directly related to the sale of certain assets of the Company comprising its Test and Measurement segment on June 1, 2018.

Other expense, net was \$34 thousand in the current year compared to \$123 thousand of other expense, net in the prior year. Other (income) expense, net was comprised of rental income, gains and losses on the disposal of assets, legal settlements, transaction costs and other miscellaneous charges. The decrease is primarily related to fewer merger and acquisition (“M&A”) activities compared to the prior year.

Income tax expense in the current year was \$2.4 million compared to \$1.7 million in the prior year. Income tax expense increased due to higher income in the current year. Tax expense is recorded at the Company’s expected effective tax rate of 26% in the current year as compared to 32% in the prior year.

Net income for the current year was \$7.0 million, or \$2.13 per diluted share compared to a net income of \$3.6 million, or \$1.14 per diluted share in the prior year.

Liquidity and Capital Resources

As described further in Note 15 to our consolidated financial statements, effective July 1, 2018, we completed the CAD acquisition for an aggregate purchase price of \$21 million, \$12 million of which was payable in cash at closing, with the remainder paid in the form of a subordinated promissory note issued by the Company in favor of a seller, which is subject to certain post-closing adjustments based on working capital, indebtedness and selling expenses. In connection with that transaction, we amended our credit agreement to, among other things, increase the maximum availability under our revolving credit facility to \$12 million, and to increase the amount of our term loan to \$6 million. We also amended our promissory notes payable to First Francis Company Inc. (“First Francis”) to increase the interest rate payable from 4.0% to 6.25%, and to provide First Francis with the right to convert up to \$648,000 principal amount of one note into shares of Class B Common shares at a conversion price of \$6.48 per share, subject to shareholder approval which was obtained on May 10, 2019. Subsequently, we also amended our outstanding convertible loan with Roundball to provide Roundball LLC (“Roundball”) with the option to convert, subject to shareholder approval which was obtained on May 10, 2019, a portion of the indebtedness into Class B Common Shares at a conversion price of \$1.43 per Class B Common Share, up to a maximum amount of 75,000 Class B Common Shares.

On July 9, 2019, First Francis exercised its option to convert \$648,000 of existing indebtedness into 100,000 Class B Common Shares of the Company.

On December 11, 2019, Roundball provided notice to the Company of its exercise of the conversion option (the “Conversion Option”) with respect to amounts outstanding under the promissory note between the Company and Roundball, dated December 30, 2011, and issued in the aggregate original principal amount of \$466,880 (the “Promissory Note”). On December 18, 2019, the Company issued 75,000 Class B Shares and 251,489 shares of the Company’s Class A common stock (the “Class A Shares”) to Roundball following the Company’s receipt on December 11, 2019, of a notice from Roundball of its exercise of the Conversion Option in respect of \$466,880 of the principal and interest amount outstanding under the Promissory Note between the Company and Roundball, thereupon retiring all outstanding debt incurred and accrued interest under the Promissory Note. On December 11, 2019, Roundball exercised the warrants issued pursuant to the Warrant Agreement dated December 30, 2012 (as amended) between the Company and Roundball for 100,000 of the Company’s Class A Shares at an exercise price of \$2.50 per share, resulting in an aggregate exercise price of \$250,000.

On September 30, 2019, we amended our credit agreement, dated as of June 1, 2017, by and between the Company and JPMorgan Chase Bank, N.A. as lender (as amended, the “Credit Agreement”) to, among other things, increase the maximum availability under our revolving credit facility from \$12 million to \$20 million, and to extend the maturity of the revolving loan from June 1, 2021 to June 1, 2024. On December 30, 2019, we amended our Credit Agreement to remove the borrowing base requirement. Management believes the increase of the revolving credit facility and other modifications to the loan agreement provided additional flexibility to fund acquisitions, working capital and other strategic initiatives.

Total current assets at December 31, 2019 increased to \$27.0 million from \$23.3 million at December 31, 2018, an increase of \$3.8 million. The increase in current assets is comprised of the following: an increase in accounts receivable of \$4.2 million, an increase in inventories of \$2.2 million and an increase in contract assets of \$0.3 million offset by a decrease in cash of \$2.8 million. Fluctuations in accounts receivable and contract assets related to the Commercial Air Handling division are dependent upon progress billing milestones for contracts.

Total current liabilities at December 31, 2019 decreased to \$16.3 million from \$16.9 million at December 31, 2018, a decrease of \$0.6 million. Changes in current liabilities are comprised of the following: an increase of short term notes payable of \$0.9 million, an increase in current leases payable of \$0.8 million, an increase in accounts payable of \$0.9 million, offset by a decrease in contract liabilities (included in unearned revenue on the balance sheet) of \$3.3 million and a decrease in convertible notes of \$0.2 million. The increase in leases payable is related to the adoption of the new lease accounting standard adopted January 1, 2019 as discussed in Note 1 and Note 9 of the notes to the consolidated financial statements. The increase in notes payable reflects required principal payments due in the next twelve months related to the CAD seller note. Fluctuations in contract liabilities related to the Commercial Air Handling division are dependent upon progress billing milestones for contracts.

Cash provided by operating activities in the current year was approximately \$0.9 million, compared to cash provided by operating activities of \$10.3 million in the same period a year ago. Cash provided by operating activities for the current year is comprised of the following: net income of \$7.0 million and adjustments for non-cash items of \$3.0 million, offset by cash used for working capital adjustments of \$9.1 million. The primary uses of working capital were the increase in accounts receivable of \$4.2 million, the increase in inventory of \$2.2 million, and the decrease in contract liability (included in unearned revenue) of \$3.3 million, offset by the increase in accounts payable of \$0.7 million. Fluctuations in accounts receivable and costs and estimated earnings in excess of billing related to the Commercial Air Handling division are dependent upon the timing of achievement of progress billing milestones for contracts.

Cash used in investing activities for the current year of \$0.8 million, compared to cash used in investing activities of \$11.7 million in prior year. Cash used in investing activities in the current year was for the purchase of DG in April 2019 and capital expenditures in the normal course of business. Cash used in investing activities in the prior year was for the purchase CAD in July 2018 and capital expenditures in the normal course of business.

Cash used in financing activities was approximately \$2.9 million for the current year, compared to cash provided by financing activities of \$4.0 million in the prior year. Cash used by financing activities for the current year was primarily related to: \$1.6 million for payments against notes and \$1.8 million for net payments against bank debt, offset by \$0.3 million proceeds from the Roundball borrowing and \$0.3 million from proceeds from the Roundball warrant exercise. Cash provided by financing activities for the prior year was primarily related to: \$9.0 million seller note entered into in connection with the acquisition of CAD and \$14.2 million borrowed against bank debt (\$12.0 million directly related to the acquisition of CAD). The increases in borrowings were offset by the \$9.8 million repayment against bank debt and the \$0.4 million repayments for the notes.

The Company expects positive cash flow from operations to be sufficient to fund working capital needs and service principal and interest payments due related to the bank debt and notes payable. In addition, the Company had \$16.2 million available to borrow on the revolving credit facility at December 31, 2019. See Note 7 of the notes to the consolidated financial statements. Management believes the Company has adequate liquidity for debt service, working capital, capital expenditures and other strategic initiatives.

Off-Balance Sheet Arrangements

From time to time, the Company enters into performance and payment bonds in the ordinary course of business. These bonds are secured by certain assets of the Company by the surety until the Company's completion of the requirements of the commercial air handling contract. At December 31, 2019, the Company did not have any active surety bonds for which performance and payment not been satisfied. The Company has no other off-balance sheet arrangements (as defined in Regulation S-K Item 303 paragraph (a)(4)(ii)) that have or are reasonably likely to have a material current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Impact of Inflation

Over the past five years, inflation has had a minimal effect on the Company because of low rates of inflation.

Forward-Looking Statements

The foregoing discussion includes forward-looking statements relating to the business of the Company. Generally, these statements can be identified by the use of words such as "guidance," "outlook," "believes," "estimates," "anticipates," "expects," "forecasts," "seeks," "projects," "intends," "plans," "may," "will," "should," "could," "would" and similar expressions intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements, or other statements made by the Company, are made based on management's expectations and beliefs concerning future events impacting the Company and are subject to uncertainties and factors (including, but not limited to, those specified below) which are difficult to predict and, in many instances, are beyond the control of the Company. As a result, actual results of the Company could differ materially from those expressed in or implied by any such forward-looking statements. These uncertainties and factors include (a) the Company's ability to effectively integrate acquisitions, including the acquisition of MPI Products, Inc. (dba Marine Products International), and manage the larger operations of the combined businesses, (b) the Company's dependence upon a limited number of customers and the aerospace industry, (c) the highly competitive industry in which the Company operates, which includes several competitors with greater financial resources and larger sales organizations, (d) the Company's ability to capitalize on market opportunities in certain sectors, (e) the Company's ability to obtain cost effective financing and (f) the Company's ability to satisfy obligations under its financing arrangements, and the other risks described in "Item 1A. Risk Factors" in this Annual Report on Form 10-K and the Company's subsequent filings with the SEC.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

This item is not applicable to the Company as a smaller reporting company.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The following pages contain the Financial Statements and Supplementary Data as specified for Item 8 of Part II of Form 10-K.

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Crawford United Corporation
Cleveland, Ohio

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Crawford United Corporation (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of income, stockholders' equity, and cash flows, for the years then ended, and the related notes and schedules (collectively referred to as the "financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ MEADEN & MOORE, LTD.
Meaden & Moore, Ltd.

We are uncertain as to the year we began servicing consecutively as the auditor of the Company's financial statements; however, we are aware that we have been the Company's auditor consecutively since at least 1979.

Cleveland, Ohio
March 12, 2020

**CRAWFORD UNITED CORPORATION
CONSOLIDATED BALANCE SHEETS**

ASSETS

	December 31,	
	2019	2018
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,232,499	\$ 5,057,626
Accounts receivable less allowance for doubtful accounts	14,001,795	9,835,262
Contract assets	2,422,379	2,083,349
Inventory less allowance for obsolete inventory	7,678,690	5,497,982
Prepaid expenses and other current assets	703,002	818,609
Total Current Assets	27,038,365	23,292,828
PROPERTY, PLANT AND EQUIPMENT:		
Land and improvements	228,872	257,205
Buildings and leasehold improvements	1,837,009	1,709,165
Machinery and equipment	13,950,444	13,343,878
Total property, plant and equipment	16,016,325	15,310,248
Less accumulated depreciation	3,622,153	2,006,133
Property, Plant and Equipment, Net	12,394,172	13,304,115
Operating right of use assets, net	9,224,840	-
OTHER ASSETS:		
Goodwill	9,791,745	9,582,202
Intangibles, net of accumulated amortization	3,950,838	4,332,202
Other non-current assets	88,046	95,263
Total Non-Current Other Assets	13,830,629	14,009,667
Total Assets	\$ 62,488,006	\$ 50,606,610

See accompanying notes to consolidated financial statements

CRAWFORD UNITED CORPORATION
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31,	
	2019	2018
CURRENT LIABILITIES:		
Notes payable - current	\$ 2,749,459	\$ 1,755,663
Bank debt - current	1,333,333	1,333,333
Leases payable	850,664	13,800
Accounts payable	6,071,522	5,169,819
Unearned revenue	1,998,578	5,257,797
Accrued expenses	3,281,445	3,325,337
Total Current Liabilities	16,285,001	16,855,749
LONG-TERM LIABILITIES:		
Notes payable	7,676,697	11,086,402
Bank debt	6,376,594	8,194,679
Leases payable	8,513,448	2,642
Deferred income taxes	2,207,734	1,701,653
Total Long-Term Liabilities	24,774,473	20,985,376
STOCKHOLDERS' EQUITY		
Preferred 1,000,000 shares authorized, no shares outstanding		
Common shares - no par value	-	-
Class A 10,000,000 shares authorized, 2,553,503 issued at December 31, 2019 and 2,161,014 issued at December 31, 2018	3,599,806	2,641,300
Class B 2,500,000 shares authorized, 954,283 shares issued at December 31, 2019 and 779,283 issued at December 31, 2018	1,465,522	710,272
Contributed capital	1,741,901	1,741,901
Treasury shares	(1,905,780)	(1,905,780)
Class A – 37,208 shares issued at December 31, 2019 and December 31, 2018		
Class B -182,435 shares issued at December 31, 2019 and December 31, 2018		
Retained earnings	16,527,083	9,577,792
Total Stockholders' Equity	21,428,532	12,765,485
Total Liabilities and Stockholders' Equity	\$ 62,488,006	\$ 50,606,610

See accompanying notes to consolidated financial statements.

CRAWFORD UNITED CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended	
	December 31, 2019	December 31, 2018
Total Sales	\$ 89,698,527	\$ 66,378,306
Cost of Sales	70,123,892	51,074,339
Gross Profit	19,574,635	15,303,967
Operating Expenses:		
Product development costs	-	220,418
Selling, general and administrative expenses	9,063,969	7,769,090
Operating Income	10,510,666	7,314,459
Other (Income) and Expenses:		
Interest charges	1,056,843	749,021
Loss on sale of business	-	1,160,574
Other (income) expense, net	34,333	123,134
Total Other (Income) and Expenses	1,091,176	2,032,729
Income before Provision for Income Taxes	9,419,490	5,281,730
Provision for Income Taxes:		
Current	1,890,912	543,031
Deferred	548,715	1,124,989
Total Provision for Income Taxes	2,439,627	1,668,020
Net Income	<u>\$ 6,979,863</u>	<u>\$ 3,613,710</u>
Net Income per Common Share - Basic	\$ 2.45	\$ 1.29
Net Income per Common Share - Diluted	\$ 2.13	\$ 1.14
Weighted Average Shares of Common Stock Outstanding – Basic	2,849,239	2,799,706
Weighted Average Shares of Common Stock Outstanding - Diluted	3,277,857	3,181,572

See accompanying notes to consolidated financial statements

CRAWFORD UNITED CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	COMMON SHARES - NO PAR VALUE		CONTRIBUTED CAPITAL	TREASURY SHARES	RETAINED EARNINGS	TOTAL
	CLASS A	CLASS B				
Balance at December 31, 2017	<u>\$ 2,246,367</u>	<u>\$ 710,272</u>	<u>\$ 1,741,901</u>	<u>\$ (264,841)</u>	<u>\$ 5,964,082</u>	<u>\$ 10,397,781</u>
Share-based compensation expense	394,933	-	-	-	-	394,933
Repurchase of Class B Shares	-	-	-	(1,640,939)	-	(1,640,939)
Net Income	-	-	-	-	3613,710	3,613,710
Balance at December 31, 2018	<u>\$ 2,641,300</u>	<u>\$ 710,272</u>	<u>\$ 1,741,901</u>	<u>\$ (1,905,780)</u>	<u>\$ 9,577,792</u>	<u>\$ 12,765,485</u>
Share-based compensation expense	348,877	-	-	-	-	348,877
Warrant exercise	250,000	-	-	-	-	250,000
Note conversion	359,629	755,250	-	-	-	1,114,879
Cumulative effect of accounting change related to lease standard	-	-	-	-	(30,572)	(30,572)
Net Income	-	-	-	-	6,979,863	6,979,863
Balance at December 31, 2019	<u>\$ 3,599,806</u>	<u>\$ 1,465,522</u>	<u>\$ 1,741,901</u>	<u>\$ (1,905,780)</u>	<u>\$ 16,527,083</u>	<u>\$ 21,428,532</u>

	COMMON SHARES ISSUED		TREASURY SHARES		COMMON SHARES OUTSTANDING	
	CLASS A	CLASS B	CLASS A	CLASS B	CLASS A	CLASS B
Balance at December 31, 2017	<u>2,130,681</u>	<u>779,283</u>	<u>15,795</u>	<u>667</u>	<u>2,114,886</u>	<u>778,616</u>
Stock Awards	30,333	-	-	-	30,333	-
Repurchase of shares	-	-	21,413	181,768	(21,413)	(181,768)
Balance at December 31, 2018	<u>2,161,014</u>	<u>779,283</u>	<u>37,208</u>	<u>182,435</u>	<u>2,123,806</u>	<u>596,848</u>
Stock Awards	41,000	-	-	-	41,000	-
Warrant exercise	100,000	-	-	-	100,000	-
Note conversion	251,489	175,000	-	-	251,489	175,000
Balance at December 31, 2019	<u>2,553,503</u>	<u>954,283</u>	<u>37,208</u>	<u>182,435</u>	<u>2,516,295</u>	<u>771,848</u>

See accompanying notes to consolidated financial statements

CRAWFORD UNITED CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOW

	Years Ended	
	December 31, 2019	December 31, 2018
Cash Flows from Operating Activities		
Net Income	\$ 6,979,863	\$ 3,613,710
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,054,721	1,606,509
Loss on disposal of assets	10,544	10,750
Loss on disposal of operations	-	1,160,574
Non-cash share-based compensation expense	348,877	394,933
Deferred income taxes	548,715	1,124,910
Changes in assets and liabilities:		
Decrease (Increase) in accounts receivable	(4,164,533)	761,496
Decrease (Increase) in inventories	(2,180,708)	(1,681,250)
Decrease (Increase) in contract assets	(339,030)	(477,358)
Decrease (Increase) in prepaid expenses & other assets	125,324	(697,202)
Increase (Decrease) in accounts payable	747,632	1,578,467
Increase (Decrease) in accrued expenses	32,328	282,079
Increase (Decrease) in unearned revenue	(3,269,190)	2,656,442
Total adjustments	(6,085,320)	6,720,350
Net Cash Provided by Operating Cash Activities	\$ 894,543	\$ 10,334,060
Cash Flows from Investing Activities		
Cash paid for acquisition	\$ (50,001)	\$ (11,209,583)
Capital expenditures	(746,430)	(479,880)
Net Cash Used in Investing Activities	(796,431)	(11,689,463)
Cash Flows from Financing Activities		
Payments on related party notes	(1,592,298)	(362,427)
Borrowings on convertible notes	266,880	-
Payments on bank debt	(4,385,211)	(9,823,106)
Borrowings on bank debt	2,539,598	14,186,750
Payments on capital lease	(11,158)	(32,298)
Proceeds from options and warrants	258,950	-
Net Cash Provided by (Used in) Financing Activities	(2,923,239)	3,968,919
Net Increase (decrease) in cash and cash equivalents	(2,825,127)	2,613,516
Cash and cash equivalents at beginning of year	5,057,626	2,444,110
Cash and cash equivalents at end of year	\$ 2,232,499	\$ 5,057,626
Supplemental disclosures of cash flow information		
Interest paid	\$ 949,280	\$ 783,739
Income taxes paid	\$ 1,815,482	\$ 205,514
Non-cash proceeds received for Class A and Class B Shares in exchange for the sale of certain assets	\$ -	\$ 1,640,939
Non-cash seller notes issued for acquisition	\$ -	\$ 9,000,000
Conversion of debt to equity	\$ 848,000	\$ -

See accompanying notes to consolidated financial statements

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
CRAWFORD UNITED CORPORATION
DECEMBER 31, 2019 AND 2018**

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles for financial information and with the instructions to Form 10-K and Article 8 of Regulation S-X. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Principles of Consolidation

The consolidated financial statements include the accounts of Crawford United and its wholly-owned domestic subsidiaries. Significant intercompany transactions and balances have been eliminated in the financial statements.

Reclassifications

Certain prior year amounts were reclassified to conform to the current year's presentation. These reclassifications have no effect on the financial position or results of operations reported as of and for the periods presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Standards Adopted

In February 2016, the FASB issued ASU 2016-02 "Leases (Topic 842)," a new standard related to leases to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the balance sheet. Most prominent among the amendments is the recognition of assets and liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. Under the new standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The new standard was effective for fiscal years and interim periods within those years, beginning on or after December 15, 2018. The adoption of this new standard on January 1, 2019 resulted in assets of \$9.7 million recorded as Operating Right of Use Assets, net, and additional lease liabilities of \$9.8 million. The Company also recorded an adjustment to retained earnings resulting from the cumulative effect of the change in accounting of (\$0.1) million. See Note 9 for further information.

New Accounting Standards Not Yet Adopted

In January 2017, FASB issued ASU 2017-04, "Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment." ASU 2017-04 eliminates the second step in the goodwill impairment test which requires an entity to determine the implied fair value of the reporting unit's goodwill. Instead, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying value and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to the reporting unit. The standard, which should be applied prospectively, is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. We are currently evaluating the impact of the adoption of ASU 2017-04 on our consolidated financial statements. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for fiscal years beginning after December 15, 2019. The Company is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

Concentration of Credit Risk

The Company sells its products and services primarily to customers in the United States of America and to a lesser extent overseas. All sales are made in U.S. dollars. The Company extends normal credit terms to its customers. For the year ended December 31, 2019, sales to three customers in the Commercial Air Handling segment were 12% of consolidated sales of the Company, while one customer in the Aerospace Components segment accounted for 29% of consolidated sales. For the year ended December 31, 2018, there were sales to one customer in the Aerospace segment that were greater than 18% of the consolidated sales of the company.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the reported amounts of certain assets and liabilities and disclosure of contingencies at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Accounting for "Financial Instruments" requires the Company to disclose estimated fair values of financial instruments. Financial instruments held by the Company include, among others, accounts receivable, accounts payable, and convertible notes payable. The carrying amounts reported in the consolidated balance sheet for assets and liabilities qualifying as financial instruments is a reasonable estimate of fair value.

Revenue Recognition

The Company recognizes revenue under ASC 606, "Revenue from Contracts with Customers". The core principle of the revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The Company applies the following standards and recognizes revenue when (1) it has a firm contract and the parties are committed to perform their respective obligations, (2) the product has been shipped to and accepted by the customer or the service has been provided, (3) the sales price is fixed or determinable and (4) amounts are reasonably assured of collection, including the consideration of the customer's ability and intention to pay when the amount is due. The Company primarily receives fixed consideration for sales of product. The Company does not have any significant financing components as payment is received at or shortly after the point of sale. Costs incurred to obtain a contract will be expensed as incurred when the amortization period is less than a year. Shipping and handling amounts paid by customers are included in revenue. Sales tax and other similar taxes are excluded from revenue.

Construction Contracts

The Company recognizes revenue on construction contracts over time; as performance obligations are satisfied, due to the continuous transfer of control to the customer. The customer typically controls the work in process, as evidenced by the contract. The Company's construction contracts are generally accounted for as a single performance obligation, since the Company is providing a significant service of integrating components into a single project. The Company recognizes revenue using a cost-based input method, by which actual costs incurred relative to total estimated contract costs determine, as a percentage, progress toward contract completion. This percentage is applied to the transaction price to determine the amount of revenue to recognize. The Company believes the cost-based input method is the best depiction of performance, because it directly measures the value of the services transferred to the customer. Revenues on uninstalled materials are recognized when control is transferred to the customer, which does not necessarily equate to when the cost is incurred.

The payment terms of the Company's construction contracts from time to time require the customer to make advance payments as well as interim payments as work progresses. The advance payment generally is not considered a significant financing component as the Company expect to recognize those amounts in revenue within a year of receipt as work progresses on the related performance obligation.

Contract Estimates

Due to the nature of the Company's performance obligations, the estimation of total revenue and cost at completion is subject to many variables and requires significant judgment. Since a significant change in one or more of these variables could affect the profitability of contracts, the Company reviews and updates contract-related estimates regularly through a review process in which the Company reviews the progress and execution of performance obligations and the estimated cost at completion.

The Company recognizes adjustments in estimated profit on contracts under the cumulative catch-up method. Under this method, the impact of the adjustment on profit recorded to date is recognized in the period the adjustment is identified. Revenue and profit in future periods of contract performance is recognized using the adjusted 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

Contract modifications are routine in the performance of the Company's contracts. Contracts are often modified to account for changes in the contract specifications or requirements. In most instances, contract modifications are for goods or services that are not distinct, and, therefore, are accounted for as part of the existing contract.

Variable Consideration

The nature of the Company's contracts can give rise to several types of variable consideration, including claims, unpriced change orders, and liquidated damages and penalties. The Company recognizes revenue for variable consideration when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Company estimates the amount of revenue to be recognized on variable consideration using the expected value (i.e., the sum of a probability-weighted amount) or the most likely amount method, whichever is expected to better predict the amount.

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

Cost and Expense Recognition

Contract costs include all direct labor, materials, subcontractor, and equipment costs, and those indirect costs related to contract performance, such as indirect labor, tools and supplies. For construction contracts, costs are generally recognized as incurred.

Unearned Revenue

Unearned revenue consists of customer deposits and contract liabilities related to the Commercial Air Handling segment.

Disaggregation of Revenue

Revenue earned over time was \$51.6 million and \$41.8 million for the years ended December 31, 2019 and 2018. Revenue earned at a point in time was \$38.1 million and \$24.6 million for the years ended December 31, 2019 and 2018.

Deferred Commissions

Commissions are earned based on the status of the contract. Commissions are paid upon receipt of payment for units shipped.

Product Warranties

The Company provides a warranty for its custom air handling business covering parts for 12 months from startup or 18 months from shipment, whichever comes first. The warranty reserve is maintained at a level which, in management's judgment, is adequate to absorb potential warranties incurred. The amount of the reserve is based on management's knowledge of the contracts and historical trends. Because of the uncertainties involved in the contracts, it is reasonably possible that management's estimates may change in the near term. However, the amount of change that is reasonably possible cannot be precisely estimated at this time.

Product Development Costs

Product development costs, which include engineering production support for the test and measurement business segment, are expensed as incurred.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. From time to time the Company maintains cash balances in excess of the FDIC limits.

Accounts Receivable

The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or net realizable value. The Company establishes reserves for excess and obsolete inventory based upon historical inventory usage trends and other information.

Property, Plant and Equipment

Property, plant and equipment are carried at cost. Maintenance and repair costs are expensed as incurred. Additions and betterments are capitalized. The depreciation policy of the Company is generally as follows:

Class	Method	Estimated Useful Lives (years)
Buildings & Improvements	Straight-line	10 to 40
Machinery and equipment	Straight-line	3 to 20
Tools and dies	Straight-line	3

Valuation of Long-Lived Assets

Long-lived assets such as property, plant and equipment and software are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the total of the expected future undiscounted cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and carrying value of the asset.

Shipping and Handling Costs

Shipping and handling costs are classified as cost of product sold.

Income Taxes

The provision for income taxes is computed on domestic financial statement income. Where transactions are included in the determination of taxable income in a different year, deferred income tax accounting is used.

The provision for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes represents income taxes paid or payable for the current year plus any change in deferred taxes during the year. Deferred taxes result from differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements and are adjusted for changes in tax rates and tax laws when changes are enacted. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

Income per Common Share

Income per common share information is computed on the weighted average number of shares outstanding during each period.

3. ACCOUNTS RECEIVABLE

The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information. The reserve for doubtful accounts was \$18,325 and \$35,000 at December 31, 2019 and 2018, respectively.

4. INVENTORY

Inventory is valued at the lower of cost (first-in, first-out) or net realizable value and consist of the following:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Raw materials and component parts	\$ 2,945,427	\$ 2,313,664
Work-in-process	2,800,699	1,209,117
Finished products	2,183,170	2,201,693
Total Inventory	7,929,296	5,724,474
Less: Inventory reserves	250,606	226,492
Net Inventory	<u>\$ 7,678,690</u>	<u>\$ 5,497,982</u>

5. GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets relate to the purchase of businesses. Goodwill represents the excess of cost over the fair value of identifiable assets acquired. Goodwill is not amortized, but is reviewed on an annual basis for impairment. Amortization of other intangible assets is calculated on a straight-line basis over periods ranging from one year to 15 years. Intangible assets consist of the following:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Customer Intangibles	\$ 4,970,000	\$ 4,970,000
Non-Compete Agreements	200,000	200,000
Trademarks	340,000	340,000
Total Other Intangibles	5,510,000	5,510,000
Less: Accumulated Amortization	1,559,162	1,177,798
Other Intangibles, Net	<u>\$ 3,950,838</u>	<u>\$ 4,332,202</u>

Intangible amortization expense was as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accumulated amortization at the beginning of the period	\$ 1,177,798	\$ 613,601
Amortization expense	381,364	564,197
Accumulated amortization at end of period	<u>\$ 1,559,162</u>	<u>\$ 1,177,798</u>

Intangible amortization for the next five years is as follows:

	<u>Amortization in future periods</u>
2020	\$ 379,030
2021	379,030
2022	355,697
2023	339,030
2024	339,030

6. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment are recorded at cost and depreciated over their useful lives. Maintenance and repair costs are expenses as incurred. Property, plant and equipment are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Land	\$ 228,872	\$ 257,205
Buildings and Improvements	1,837,009	1,709,165
Machinery & Equipment	13,950,444	13,343,878
Total Property, Plant & Equipment	16,016,325	15,310,248
Less: Accumulated Depreciation	3,622,153	2,006,133
Property Plant & Equipment, Net	<u>\$ 12,394,172</u>	<u>\$ 13,304,115</u>

Depreciation expense and other adjustments to accumulated depreciation expense are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accumulated depreciation, beginning balance	\$ 2,006,133	\$ 4,242,913
Depreciation expense	1,645,829	1,042,312
Disposals	(29,809)	(3,279,092)
Accumulated depreciation ending balance	<u>\$ 3,622,153</u>	<u>\$ 2,006,133</u>

7. BANK DEBT

The Company entered into a Credit Agreement on June 1, 2017 with JPMorgan Chase Bank, N.A. as lender, which was subsequently amended in connection with funding the acquisition of CAD Enterprises, Inc. (“CAD”) on July 5, 2018 (as amended, the “Credit Agreement”). As amended, the Credit Agreement is comprised of a revolving facility in the amount of \$12,000,000, subject to a borrowing base (determined based on 80% of Eligible Accounts, plus 50% of Eligible Progress Billing Accounts, plus 50% of Eligible Inventory, minus Reserves, each as defined in the Credit Agreement) and a term A loan in the amount of \$6,000,000. Outstanding borrowings on the term A loan are payable in consecutive monthly installments, which currently amount to \$111,111 per month. The Credit Agreement was amended on September 30, 2019 to expand the revolving loan amount from \$12,000,000 to \$20,000,000, subject to a borrowing base, and to extend the maturity of revolving facility from June 1, 2021 to June 1, 2024. The Credit Agreement was amended on December 30, 2019 to eliminate the borrowing base.

The revolving facility under the Credit Agreement includes a \$3 million sublimit for the issuance of letters of credit thereunder. [The Credit Agreement also provides for a separate credit line for borrowings of up to an aggregate of \$1,000,000 for capital expenditures until July 5, 2019, at which time any outstanding capital expenditure borrowings will be converted into a term loan maturing at the earlier of five years after such conversion or the termination of the revolving credit facility.]² The Company did not borrow from this credit line prior to its expiration. Interest for borrowings under the revolving facility accrues at a per annum rate equal to Prime Rate or LIBOR plus applicable margins of (i) (0.25%) for Prime Rate loans and (ii) 1.75% for LIBOR loans. The maturity date of the revolving facility is June 1, 2024. Interest for borrowings under the term A loan accrues at a per annum rate equal to Prime Rate or LIBOR plus applicable margins of (i) 0.25% for Prime Rate loans and (ii) 2.25% for LIBOR loans. The maturity date of the term A loan is December 1, 2022. The Credit Agreement includes a commitment fee on the unused portion of the revolving facility of 0.25% per annum payable quarterly. The obligations of the Company and other borrowers under the Credit Agreement are secured by a blanket lien on all the assets of the Company and its subsidiaries. The Credit Agreement also includes customary representations and warranties and applicable reporting requirements and covenants. The financial covenants under the Credit Agreement include a minimum fixed charge coverage ratio, a maximum senior funded debt to EBITDA ratio and a maximum total funded debt to EBITDA ratio.

Bank debt balances consist of the following:

	December 31, 2019	December 31, 2018
Term Debt	\$ 4,111,111	\$ 5,444,444
Revolving Debt	3,722,995	4,184,158
Total Bank Debt	7,834,106	9,628,602
Less: Current Portion	1,333,333	1,333,333
Non-Current Bank Debt	6,500,773	8,295,269
Less: Unamortized Debt Costs	124,179	100,590
Net Non-Current Bank Debt	\$ 6,376,594	\$ 8,194,679

Minimum principal payments due on the term loan until maturity are:

	Term Loan
2020	\$ 1,333,333
2021	1,333,333
2022	1,444,445
Total principal payments	\$ 4,111,111

The Company had \$16.3 million and \$7.8 million available to borrow on the revolving credit facility at December 31, 2019 and 2018, respectively.

8. NOTES PAYABLE

Convertible Notes Payable

On December 30, 2011, management entered into a Convertible Loan Agreement (“Convertible Loan”) with Roundball, LLC (“Roundball”). The Convertible Loan provides approximately \$467,000 of liquidity to meet on-going working capital requirements of the Company and allows \$250,000 of borrowing on the agreement at the Company's discretion at an interest rate of 0.25%. Roundball, a major shareholder of the Company, is an affiliate of Steven Rosen and Matthew Crawford, Directors of the Company.

There have been several amendments to the original agreement over the years for the purpose of extending the existing terms of the Convertible Loan. On December 29, 2018, management entered into Amendment No. 7 of the Convertible Loan Agreement with Roundball. The amended Convertible Loan:

- Continues to provide approximately \$467,000 of liquidity to meet on-going working capital requirements;
- Continues to allow \$250,000 of borrowing on the agreement at the Company's discretion at an interest rate of 0.34%;
- Expand the rights available to Roundball under the Roundball Option to include the option, exercisable by Roundball in its sole discretion, and subject to requisite shareholder approval thereof and the terms and conditions set forth therein, to purchase up to 75,000 shares of Class B Common Stock of the Company at the Conversion Price; and
- Extends the due date of the loan agreement from December 30, 2018 to December 30, 2019.

As part of the Convertible Loan, the parties entered into a Warrant Agreement, dated December 30, 2012 (as amended to date, the “Warrant Agreement”), whereby the Company issued a warrant to Roundball to purchase, at its option, up to 100,000 shares of Class A Common Stock of the Company at an exercise price of \$2.50 per share, subject to certain anti-dilution and other adjustments. The Warrant Agreement, as amended, expired December 30, 2019.

On December 11, 2019, Roundball provided notice to the Company of its exercise of the Conversion Option and exercised the Warrants. On December 18, 2019, the Company issued 75,000 Class B Shares and 251,489 shares of the Company's Class A common stock (the “Class A Shares”) to Roundball following the Company's receipt on December 11, 2019, of a notice from Roundball of its exercise of the Conversion Option in respect of \$466,880 of the principal and interest amount outstanding under the Promissory Note between the Company and Roundball, thereupon retiring all outstanding debt incurred and accrued interest under the Promissory Note.

On December 11, 2019, Roundball exercised the Warrants for 100,000 of the Company's Class A Shares at an exercise price of \$2.50 per share, resulting in an aggregate exercise price of \$250,000.

The outstanding balance on the Convertible Loan as of December 31, 2019 and 2018, respectively was \$0 and \$200,000.

Notes Payable – Related Party

The Company has two separate outstanding promissory notes with First Francis Company Inc. (“First Francis”), which were originally issued in July 2016 in connection with the acquisition of Federal Hose Manufacturing (“Federal Hose”) and which were amended in July 2018 in connection with acquisition of CAD. The first promissory note was issued with original principal in the amount of \$2,000,000, and the second was issued with original principal in the amount of \$2,768,662. The promissory notes each have an interest rate of 6.25% per annum, which was increased from 4.0% per annum as part of the July 2018 amendments to the Credit Agreement. In addition, the promissory note with original principal amount of \$2,768,662 was amended in July 2018 to provide for a conversion option commencing July 5, 2019 which allows First Francis to convert the promissory note, in whole in part with respect to a maximum amount of \$648,000, into shares of the Company's Class B common stock at the price of \$6.48 per share (subject to adjustment), subject to shareholder approval which was obtained on May 10, 2019. On July 9, 2019, First Francis exercised its option to convert \$648,000 of existing indebtedness into 100,000 Class B Common Shares of the Company. First Francis is owned by Matthew Crawford, who serves on the Board of Directors of the Company, and Edward Crawford, who served on the Board of Directors of the Company until June 17, 2019.

Notes Payable – Seller Note

Effective July 1, 2018, the Company completed the acquisition of all of the issued and outstanding shares of capital stock of CAD. Upon the closing of the transaction, the CAD shares were transferred and assigned to the Company in consideration of the payment by the Company of an aggregate purchase price of \$21 million, \$12 million of which was payable in cash at closing, with the remainder paid in the form of a subordinated promissory note issued by the Company in favor of a Seller (the “Seller Note”), which is subject to certain post-closing adjustments based on working capital, indebtedness and selling expenses, as specified in the Share Purchase Agreement entered into in connection with the acquisition (the “Share Purchase Agreement”). The Seller Note bears interest at a rate of four percent (4%) per annum and is payable in full no later than June 30, 2023 (the “Maturity Date”). The Maturity Date, with respect to any then-outstanding portion of the original principal amount which is subject to an indemnification claim by the Company (asserted in accordance with the terms of the Share Purchase Agreement) pending as of the date thereof, will be automatically extended until such time as any claim relating to such disputed amount is no longer pending, pursuant to the terms of the Seller Note and subject to additional conditions set forth therein and in the Share Purchase Agreement. The Company is not permitted to prepay any amounts due and owing under the Seller Note. Payment of the Seller Note is secured by a second-priority security interest in the assets of the Company. Interest accrued on the original principal amount becomes due and payable in arrears beginning September 30, 2018, and subsequent interest is due on the first day of each calendar quarter thereafter up to and including June 30, 2019. The Company is required to make quarterly principal payments, the amount of which will be calculated based on a four (4) year amortization schedule, beginning on September 30, 2019 and continuing on the last day of each calendar quarter thereafter up to and including the Maturity Date.

Notes Payable

Notes payable consist of the following:

	December 31, 2019	December 31, 2018
In connection with the Federal Hose acquisition, the Company entered into a promissory note on July 1, 2016 for a \$2,000,000 loan due to First Francis Company, payable in quarterly installments beginning on October 31, 2016.	\$ 1,302,776	\$ 1,485,061
In connection with the Federal Hose acquisition, the Company entered into a promissory note on July 1, 2016 for a \$2,768,662 loan due to First Francis Company, payable in quarterly installments beginning on October 31, 2016.	1,248,380	2,157,004
In connection with the CAD acquisition, the Company entered into a promissory note on July 1, 2018 for a \$9,000,000 loan due to the Loudermilks, payable in quarterly installments beginning September 30, 2018.	7,875,000	9,000,000
Total notes payable	10,426,156	12,642,065
Less current portion	2,749,459	1,555,663
Notes payable – non-current portion	<u>\$ 7,676,697</u>	<u>\$ 11,086,402</u>

Principal payments on the notes payable are as follows for the years ended December 31:

	Related Party Notes	Seller Note
2020	\$ 499,459	\$ 2,250,000
2021	533,479	2,250,000
2022	1,518,218	2,250,000
2023	-	1,125,000
2024	-	-
Total principal payments	<u>\$ 2,551,156</u>	<u>\$ 7,875,000</u>

9. LEASES

On January 1, 2019, the Company adopted ASU 2016-02 “Leases (Topic 842),” a new standard related to leases to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the balance sheet. Most prominent among the amendments is the recognition of assets and liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP.

The Company has operating leases for facilities, vehicles and equipment. These leases have remaining terms of 2 years to 15 years, some of which include options to extended the leases for up to 10 years. Lease expense for the year ended December 31, 2019 was approximately \$1.6 million. Lease expense for operating leases under the prior leasing standards for the year ended December 31, 2018 was approximately \$1.3 million.

Supplemental balance sheet information related to leases:

	December 31, 2019
Operating leases:	
Operating lease right-of-use assets	\$ 9,224,840
Other current liabilities	850,664
Operating lease liabilities	8,513,448
Total operating lease liabilities	<u>\$ 9,364,112</u>
Weighted Average Remaining Lease Term	
Operating Leases (in years)	11.0
Weighted Average Discount Rate	
Operating Leases	5.0%

Future minimum lease payments at December 31, 2019 were as follows:

	Operating Leases
Year Ending December 31,	
2020	\$ 1,301,166
2021	1,269,036
2022	1,271,491
2023	1,268,341
2024	1,285,820
Thereafter	5,601,342
Total future minimum lease payments	\$ 11,997,169
Less: imputed interest	(2,633,084)
Total	<u>\$ 9,364,112</u>

Commitments and Contingencies

From time to time, the Company is involved in legal matters arising in the ordinary course of business. While the Company believes that such matters are currently not material, there can be no assurance that matters arising in the ordinary course of business for which the Company is, or could be, involved in litigation, will not have an adverse effect on its business, financial condition or results of operations.

10. SHAREHOLDERS' EQUITY

There are 10,000,000 Class A Shares and 2,500,000 Class B Shares authorized, as well as 1,000,000 Serial Preferred Shares.

Unissued shares of Class A common stock (1,045,848 and 832,233 shares at December 31, 2019 and 2018, respectively) are reserved for the share-for-share conversion rights of the Class B common stock, stock options under the Directors Plans, conversion rights of the Convertible Promissory Note and available warrants. The Class A shares have one vote per share and the Class B shares have three votes per share, except under certain circumstances such as voting on voluntary liquidation, sale of substantially all the assets, etc. Dividends up to \$0.10 per year, noncumulative, must be paid on Class A shares before any dividends are paid on Class B shares.

11. STOCK COMPENSATION

The Company's 2013 Omnibus Equity Plan (the "Plan") was approved and adopted by an affirmative vote of a majority of the Company's Class A and Class B Shareholders and provides for the grant of the following types of incentive awards: stock options, stock appreciation rights, restricted shares, restricted share units, performance shares and Class A Common Shares. Those who will be eligible for awards under the Plan include employees who provide services to the Company and its affiliates, executive officers, non-employee Directors and consultants designated by the Compensation Committee. Under the Plan, 150,000 Class A Common Shares were initially reserved for issuance. The Plan was materially revised in 2019 to increase the maximum number of the Company's Class A Common Shares, without par value, available for issuance to 400,000, providing an additional 250,000 Class A Common Shares under the Plan. This change to the Plan was approved in connection with the Company's 2019 Annual Meeting of Shareholders. The Class A Common Shares may be either authorized, but unissued, common shares or treasury shares. The Company granted 12,000 and 30,333 restricted stock awards under the Plan during the fiscal years ended December 31, 2019 and December 31, 2018, respectively. Approximately 274,000 Class A Common Shares remain available for issuance under the Plan.

The Company's expired Outside Directors Stock Option Plans (collectively the "Directors Plans"), provided for the automatic grant of options to purchase up to 5,000 shares of Class A Common Stock over a three-year period to members of the Board of Directors who were not employees of the Company, at the fair market value on the date of grant. The options are exercisable for up to 10 years. All options granted under the Directors Plans became fully exercisable on March 8, 2015.

Non-cash compensation expense related to stock option plans was \$348,877 and \$394,933 for the years ended December 31, 2019 and December 31, 2018, respectively.

12. INCOME TAXES

A reconciliation of the provision of income taxes to the statutory federal income tax rate is as follows:

	Year December 31, 2019	Year December 31, 2018
Income Before Provision for Income Taxes	\$ 9,419,490	\$ 5,281,730
Statutory rate	21%	21%
Tax at statutory rate	1,978,092	1,109,163
State taxes, net of federal benefit	551,179	79,165
Permanent differences	23,889	196,142
Return to Provision Adjustments and Other	(113,533)	283,550
Provision for income taxes	<u>\$ 2,439,627</u>	<u>\$ 1,668,020</u>

Deferred tax assets (liabilities) consist of the following:

	December 31, 2019	December 31, 2018
Inventories	\$ 164,768	\$ 145,844
Bad debts	4,659	8,773
Accrued liabilities	279,508	281,475
Prepaid expense	(116,524)	(95,371)
Depreciation and amortization	(2,798,040)	(2,928,232)
Research and development and other credit carryforwards	556,387	1,266,043
Right of use lease accounting	(19,600)	-
Directors stock option plan	163,427	62,134
Total deferred tax liability	(1,765,415)	(1,259,334)
Valuation allowance	(47,319)	(47,319)
Reserve for uncertain tax positions	(395,000)	(395,000)
Total reserves & allowances	(442,319)	(442,319)
Net deferred tax liability, net of reserves	<u>\$ (2,207,734)</u>	<u>\$ (1,701,653)</u>

Valuation Allowance

The Company has a valuation allowance for deferred tax assets based upon certain credits that may not be fully utilized in the future. The Company believes the valuation allowance of \$47 thousand at December 31, 2019 and 2018, respectively, is adequate.

Reserve for Uncertain Tax Positions

The Company has a reserve of unrecognized tax benefits related to exposures in accordance with ASC 740. The Company believes the valuation allowance of \$0.4 million at December 31, 2019 and 2018, respectively, is adequate. Due to the uncertainties involved with this significant estimate, it is reasonably possible that the Company's estimate may change in the near term.

Tax Credits and Net Operating losses:

At December 31, 2019, the Company has state net operating losses (NOLs) and research and development (R&D) and other credit carryforwards for tax purposes which expire as follows:

Tax Year Expires	State NOLs	R& D & Other Credits
2020	-	3,000
2021	-	3,000
2022	-	3,000
2023	-	3,000
2024	-	3,000
2025	-	3,000
2026	-	72,216
2027	-	152,732
2028	-	68,676
2029	191,519	31,081
2030	414,231	44,712
2031	641,229	59,085
2032	-	71,062
2033	532,837	73,198
2034	285,607	76,429
2035	-	73,315
2036 and beyond	-	-
	\$ 2,065,423	\$ 740,506

13. EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings per share.

	Years Ended	
	2019	2018
Net Income Per Common Share - Basic		
Income available to common stockholders	\$ 6,979,863	\$ 3,613,710
Weighted Average Shares of Common Stock Outstanding	2,849,239	2,799,706
Net Income Per Common Share - Basic	<u>\$ 2.45</u>	<u>\$ 1.29</u>
Effect of Dilutive Securities		
Weighted Average Shares of Common Stock Outstanding - Basic	2,849,239	2,799,706
Options and warrants under convertible note	428,618	381,866
Weighted Average Shares of Common Stock Outstanding - Diluted	<u>3,277,857</u>	<u>3,181,572</u>
Net Income Per Common Share - Diluted		
Income available to common stockholders	\$ 6,979,863	\$ 3,613,710
Weighted Average Shares of Common Stock Outstanding - Diluted	3,277,857	3,181,572
Net Income Per Common Share - Diluted	<u>\$ 2.13</u>	<u>\$ 1.14</u>

Included in the computation of diluted earnings per for fiscal ended December 31, 2019 and December 31, 2018 were options, warrants and underlying shares related to the convertible notes.

14. EMPLOYEE BENEFIT PLANS

The Company has a 401(k) Savings and Retirement Plans covering all full-time employees, except for employees of CAD Enterprises, Inc. ("CAD"). The employees of CAD are covered by a separate 401(k) Savings and Retirement Plan that was in place at the time of acquisition July 1, 2018. Company contributions for each of these plans, including matching of employee contributions, are at the Company's discretion.

For the years ended December 31, 2019 and December 31, 2018, the Company made matching contributions to the plans in the amount of \$315,090 and \$183,996 respectively. The Company does not provide any other postretirement benefits to its employees.

15. ACQUISITIONS

Effective July 1, 2018, the Company completed the acquisition of all of the issued and outstanding shares of capital stock of CAD Enterprises, Inc., pursuant to the Share Purchase Agreement. Upon the closing of the transaction, the acquired shares were transferred and assigned to the Company in consideration of the payment by the Company of an aggregate purchase price of \$21 million, \$12 million of which was payable in cash at closing, with the remainder paid in the form of the Seller Note, which is subject to certain post-closing adjustments based on working capital, indebtedness and selling expenses, as specified in the Share Purchase Agreement.

CAD manufactures high end components for the aerospace industry and has one operating location in Phoenix, Arizona. The purchase price was assigned to the book value of the net assets acquired with the excess over the book value assigned to intangible assets and goodwill and has been allocated to the following accounts:

Cash	\$	790,417
Accounts Receivable		2,221,635
Inventory		2,098,732
Fixed Assets		10,867,500
Prepaid and Other Assets		35,264
Intangibles Assets		3,000,000
Goodwill		7,326,289
Total Assets Acquired	\$	26,339,837
Accounts Payable	\$	1,846,247
Accrued Payroll and related expenses		224,139
Accrued Expense		518,816
Deferred Income Taxes		2,750,635
Total Liabilities Assumed	\$	5,339,837
Net Assets Acquired	\$	21,000,000

On April 19, 2019, the Company, completed the acquisition of substantially all of the assets of Data Genomix, Inc., an Ohio corporation ("DG"), pursuant to the terms of an Asset Purchase Agreement (the "Asset Purchase Agreement") entered into by and between Hickok Operating LLC, an Ohio limited liability company and wholly-owned subsidiary of the Company ("Hickok Operating"), and DG on the date thereof. DG is in the business of developing and commercializing marketing and data analytic technology applications, which applications include, but are not limited to topplr, anglrjobs, anglrlegal and anglrads.

Acquisition related costs are included in Other Expense, Net in the consolidated statements of income. Acquisition related costs were \$74,117 and \$268,607 for the years ended December 31, 2019 and December 31, 2018, respectively. Also, see Note 7, Bank Debt and Note 8, Notes Payable regarding further information regarding the acquisitions and the loan agreements and notes issued in connection with such acquisitions.

16. DISPOSITIONS

Effective June 1, 2018, the Company completed the sale (the "Sale") of certain assets comprising its Test and Measurement business segment (the "Test and Measurement Segment") to Hickok Waekon, LLC, an Ohio limited liability company ("Buyer"), pursuant to an Asset Purchase Agreement (the "Purchase Agreement") by and among Buyer, the Company, Supreme Electronics Corp., a Mississippi corporation and wholly-owned subsidiary of the Company ("Supreme"), Waekon Corporation, an Ohio corporation and wholly-owned subsidiary of the Company ("Waekon Corporation"), and Robert L. Bauman, who was a director of the Company. Prior to the effectiveness of the Sale, Supreme and Waekon Corporation owned certain of the assets used in the operation of the Test and Measurement Segment and were primarily responsible for the operation thereof.

Upon the closing of the Sale, all of the issued and outstanding shares of capital stock of the Company then-owned, directly or indirectly, by Mr. Bauman or his affiliate, equaling approximately 21,413 shares of Class A Common Stock of the Company and 176,768 shares of Class B Common Stock of the Company, were transferred and assigned to the Company. The shares constituted the consideration received by the Company in the Sale. Based upon the share price at closing, the value of the proceeds received was approximately \$1.6 million. The net assets sold were approximately \$2.7 million. The Company recorded a loss on sale of approximately \$1.2 million.

17. SEGMENT AND RELATED INFORMATION

The Company operates three reportable business segments: (1) Aerospace Components, (2) Commercial Air Handling, (3) and Industrial Hose. The Company operated the Test and Measurement business segment through June 1, 2018, at which time it was sold to Hickok Waekon, LLC. The Company's management evaluates segment performance based primarily on operating income. Certain corporate costs are allocated to the segments and interest expense directly related to financing the acquisition of a business is allocated to that segment, respectively. Intangible assets are allocated to each segment and the related amortization of these assets are recorded in selling, general and administrative expenses.

Aerospace Components:

The Aerospace Components segment was added July 1, 2018, when the Company purchased all of the issued and outstanding shares of capital stock of CAD Enterprises, Inc. ("CAD") in Phoenix, Arizona. This segment manufactures precision components primarily for customers in the aerospace industry. This segment provides complete end-to-end engineering, machining, grinding, welding, brazing, heat treat and assembly solutions. Utilizing state-of-the-art machining and welding technologies, this segment is an industry leader in providing complex components produced from nickel-based superalloys and stainless steels. Our quality certifications include ISO 9001:2015/AS9100D, as well as Nadcap accreditation for Fluorescent Penetrant Inspection (FPI), Heat Treating/Braze, Non-Conventional Machining EDM, TIG/E-Beam welding.

Commercial Air Handling:

The Commercial Air Handling segment was added June 1, 2017, when the Company purchased certain assets and assumed certain liabilities of Air Enterprises Acquisition LLC in Akron, Ohio. The acquired business, which operates under the name Air Enterprises, is an industry leader in designing, manufacturing and installing large-scale commercial, institutional, and industrial custom air handling solutions. Its customers are typically in the health care, education, pharmaceutical and industrial manufacturing markets in the United States. This segment also sells to select international markets. The custom air handling units are constructed of non-corrosive aluminum, resulting in sustainable, long-lasting, and energy efficient solutions with life expectancies of 50 years or more. These products are distributed through a network of sales representatives, based on relationships with health care networks, building contractors and engineering firms. The custom air handling equipment is designed, manufactured and installed under the brand names FactoryBilt® and SiteBilt®. FactoryBilt® air handling solutions are designed, fabricated and assembled in a vertically integrated process entirely within the Akron, Ohio facility. SiteBilt® air handling solutions are designed and fabricated in Akron, but are then crated and shipped to the field and assembled on-site.

Industrial Hose:

The Industrial Hose segment was added July 1, 2016, when the Company purchased the assets of the Federal Hose Manufacturing, LLC in Painesville, Ohio. This business segment includes the manufacture of flexible interlocking metal hoses and the distribution of silicone and hydraulic hoses. Metal hoses are sold primarily to major heavy-duty truck manufacturers and major aftermarket suppliers in North America. Metal hoses are also sold into the agricultural, industrial and petrochemical markets. Silicone hoses are distributed to a number of industries in North America, including agriculture and general industrial markets.

Test and Measurement:

The Test and Measurement segment is the legacy business that was started in 1910 when the Company was founded, and was sold June 1, 2018. This business segment included electronic testing products designed and manufactured for the automotive and trucking industries and included indicators and gauges for the locomotive and aircraft industries. The automotive diagnostic products are sold to original equipment manufacturers and to the aftermarket under several brand names and through a variety of distribution methods. In the aircraft industry, primary customers are manufacturers of commercial, military and personal airplanes. In the locomotive industry, indicators and gauges are sold to manufacturers and servicers of railroad equipment and locomotives.

Corporate and Other:

Corporate costs not allocated to the three primary business segments are aggregated with the results of DG, acquired in April 2019.

Year Ended December 31, 2019

	Commercial Air Handling	Aerospace Components	Industrial Hose	Corporate and Other	Consolidated
Sales	\$ 51,564,344	\$ 30,126,438	\$ 7,171,164	\$ 836,581	\$ 89,698,527
Gross Profit	12,350,412	5,015,003	1,970,149	239,071	19,574,635
Operating Income	7,141,097	2,876,304	859,114	(365,849)	10,510,666
Pretax Income	7,140,398	2,073,239	635,995	(430,142)	9,419,490
Net Income	5,291,035	1,536,270	471,272	(318,714)	6,979,863

Year Ended December 31, 2018

	Commercial Air Handling	Aerospace Components	Industrial Hose	Corporate and Other	Consolidated
Sales	41,833,444	14,397,557	6,942,886	3,204,419	66,378,306
Gross Profit	11,046,113	1,653,123	1,813,752	790,979	15,303,967
Operating Income	6,409,687	807,860	820,881	(723,969)	7,314,459
Pretax Income	6,328,158	630,966	619,909	(2,297,303)	5,281,730
Net Income	4,746,119	473,225	464,461	(2,070,095)	3,613,710

Geographical Information

Included in the consolidated financial statements are the following amounts related to geographic locations:

	Year Ended December 31, 2019	Year Ended December 31, 2018
United States of America	\$ 89,370,005	\$ 64,874,554
Canada	283,011	351,211
China	23,134	-
Mexico	-	53,246
Poland	1,750	10,299
Peru	12,202	-
Other	8,425	1,088,996
	<u>\$ 89,698,527</u>	<u>\$ 66,378,306</u>

All export sales to foreign countries are made in US Dollars.

18. QUARTERLY DATA (UNAUDITED)

The following table presents the Company's unaudited quarterly consolidated income statement data for the years ended December 31, 2019 and 2018. These quarterly results include all adjustments consisting of normal recurring adjustments that the Company considers necessary for the fair presentation for the quarters presented and are not necessarily indicative of the operating results for any future period.

	Year Ended December 31, 2019			
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
Sales	\$ 21,836,087	\$ 24,514,636	\$ 22,244,681	\$ 21,103,124
Gross Profit	4,829,888	5,226,933	4,987,563	4,530,251
Operating Income	2,571,071	2,791,553	2,558,779	2,589,263
Net Income	1,745,458	1,831,479	1,694,868	1,708,058
Net Income per Common Share:				
Basic	\$ 0.63	\$ 0.66	\$ 0.59	\$ 0.58
Diluted	\$ 0.55	\$ 0.57	\$ 0.52	\$ 0.51

	Year Ended December 31, 2018			
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018
Sales	\$ 11,878,700	\$ 13,593,192	\$ 19,771,137	\$ 21,135,277
Gross Profit	3,018,441	3,486,578	4,450,389	4,348,726
Operating Income	643,085	1,816,945	2,471,279	2,383,150
Net Income	373,752	394,625	1,497,079	1,348,254
Net Income per Common Share:				
Basic	\$ 0.13	\$ 0.14	\$ 0.55	\$ 0.50
Diluted	\$ 0.11	\$ 0.13	\$ 0.48	\$ 0.43

19. SUBSEQUENT EVENTS

Effective January 2, 2020, the Company, completed the acquisition (the "Transaction") of substantially all of the assets (the "Assets") of MPI Products, Inc. (dba Marine Products International), an Ohio corporation and supplier of marine hose and marine accessories to boat builders and distributors (the "Seller"), pursuant to an Asset Purchase Agreement (the "Asset Purchase Agreement") entered into as of January 1, 2020 by and among the Company, the Seller, the seller parties named therein (the "Seller Parties") and the Seller Parties' representative named therein (the "Sellers' Representative"). Upon the closing of the Transaction, the Assets were transferred and assigned to the Company in consideration of the payment by the Company of an aggregate purchase price of \$9.4 million, payable at closing, which is subject to certain post-closing adjustments based on working capital, indebtedness and selling expenses, as specified in the Asset Purchase Agreement, plus the assumption of specified liabilities of the Seller.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

As of December 31, 2019, an evaluation was performed, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer along with the Company's Vice President, Finance and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon that evaluation, the Company's management, including the Chief Executive Officer along with the Company's Vice President, Finance and Chief Financial Officer, concluded that the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act") were effective as of December 31, 2018 to ensure that information required to be disclosed by the Company in reports that it files and submits under the Exchange Act is (1) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and (2) is accumulated and communicated to the Company's management, including its principal executive and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. There were no changes in the Company's internal controls over financial reporting during the quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes policies and procedures that (1) pertain to maintaining records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Company's receipts and expenditures are being made only in accordance with authorization of the Company's management and directors, and (3) provide reasonable assurance regarding prevention or the timely detection of unauthorized acquisition, use or disposal of the company's assets that could have a material effect on the financial statements.

Management, including the Company's Chief Executive Officer along with the Company's Vice President, Finance and Chief Financial Officer, does not expect that the Company's internal controls will prevent or detect all errors and all fraud. An internal control system no matter how well designed and operated can provide only reasonable, not absolute, assurance that the objectives of the system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, collusion of two or more people, or by management override of the control. Also, any evaluation of the effectiveness of controls in future periods are subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Crawford United is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended. Under the supervision and with the participation of management, including the Company's Chief Executive Officer along with the Company's Vice President, Finance and Chief Financial Officer, we conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2019, as required by Rule 13a-15(c) of the Securities Exchange Act of 1934, as amended. In making this assessment, we used the criteria set forth in the framework in Internal Control-Integrated Framework (1992) for Small Public Companies issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in Internal Control-Integrated Framework for Small Public Companies, our management concluded that our internal control over financial reporting was effective as of December 31, 2019.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

/s/ B. E. Powers

B. E. Powers
Chief Executive Officer

/s/ K. J. Marek

K. J. Marek
Chief Financial Officer

March 13, 2020

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information required by this Item as to the Audit Committee, the Audit Committee financial expert, the procedures for recommending nominees to the Board of Directors and compliance with Section 16(a) of the Exchange Act is incorporated herein by reference to the information set forth under the captions "Information Regarding Meetings and Committees of the Board of Directors" and "Delinquent Section 16(a) Reports" in the Company's definitive Proxy Statement for the 2020 Annual Meeting of Shareholders.

The Company has historically operated under informal ethical guidelines, under which the Company's principal executive, financial, and accounting officers, are held accountable. In accordance with these guidelines, the Company has always promoted honest, ethical and lawful conduct throughout the organization and has adopted a written Code of Ethics for the Chief Executive Officer and Chief Financial Officer. In addition, the Company adopted and the Board of Directors approved a written Code of Business Conduct for all officers and employees. The Company also implemented a system to address the "Whistle Blower" provision of the Sarbanes-Oxley Act of 2002.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item 11 is incorporated by reference to the information set forth under the caption "Executive Compensation" in the Company's definitive Proxy Statement for the 2020 Annual Meeting of Shareholders, since such Proxy Statement will be filed with the Securities and Exchange Commission not later than 120 days after the end of the Company's fiscal year pursuant to Regulation 14A.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by this Item 12 is incorporated by reference to the information set forth under the captions "Principal Shareholders," "Share Ownership of Directors and Officers" and "Equity Compensation Plan Information" in the Company's definitive Proxy Statement for the 2020 Annual Meeting of Shareholders, since such Proxy Statement will be filed with the Securities and Exchange Commission not later than 120 days after the end of the Company's fiscal year pursuant to Regulation 14A.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this Item 13 is incorporated by reference to the information set forth under the caption "Transactions with Management" in the Company's definitive Proxy Statement for the 2019 Annual Meeting of Shareholders, since such Proxy Statement will be filed with the Securities and Exchange Commission not later than 120 days after the end of the Company's fiscal year pursuant to Regulation 14A.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by this Item 14 is incorporated by reference to the information set forth under the caption "Independent Public Accountants" in the Company's definitive Proxy Statement for the 2020 Annual Meeting of Shareholders, since such Proxy Statement will be filed with the Securities and Exchange Commission not later than 120 days after the end of the Company's fiscal year pursuant to Regulation 14A.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) (1) FINANCIAL STATEMENTS

The following Consolidated Financial Statements of the Registrant and its subsidiaries are included in Part II, Item 8:

Report of Independent Registered Public Accounting Firm	17
Consolidated Balance Sheet - As of December 31, 2019 and 2018.	18
Consolidated Statement of Income – Fiscal Years Ended December 31, 2019 and December 31, 2018	20
Consolidated Statement of Stockholders' Equity - Fiscal Years Ended December 31, 2019 and December 31, 2018	21
Consolidated Statement of Cash Flows – Fiscal Years Ended December 31, 2019 and December 31, 2018	22
Notes to Consolidated Financial Statements	23

(a) (2) FINANCIAL STATEMENT SCHEDULES

The following Consolidated Financial Statement Schedules of the Registrant and its subsidiaries are included in Item 15 hereof.

ITEM 16. FORM 10-K SUMMARY.

None

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Schedule II - Valuation and Qualifying Accounts

All other Schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(a) (3) EXHIBITS

Reference is made to the Exhibit Index set forth herein.

EXHIBIT INDEX

EXHIBIT DOCUMENT

NO.:

- 2.1 [Agreement and Plan of Merger, dated January 8, 2016, by and among First Francis Company Inc., Federal Hose Manufacturing LLC, Edward F. Crawford, Matthew V. Crawford, the Company and Federal Hose Merger Sub, Inc. \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 12, 2016\).](#)
- 2.1(a) [Asset Purchase Agreement, effective as of June 1, 2018, by and among Buyer, the Company, Supreme, Waekon Corporation and Robert L. Bauman \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on June 6, 2018\).](#)
- 2.1(b) [Share Purchase Agreement, entered into as of July 5, 2018, by and among the Company, CAD Enterprises, Inc. and the Sellers' Representative \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on July 6, 2018\).](#)
- 2.1(c) [Asset Purchase Agreement, entered into as of April 19, 2019, by and between Hickok Operating LLC and Data Genomix, Inc. \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on April 23, 2019\).](#)
- 2.1(d) [Asset Purchase Agreement, entered into as of January 1, 2020, by and among the Company, the Seller, the Seller Parties and the Sellers' Representative \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 1, 2020\).](#)
- 3.1 [Amendment to Amended and Restated Articles of Incorporation \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on May 21, 2019\).](#)
- 3.2 [Amended and Restated Articles of Incorporation \(incorporated herein by reference to the appropriate exhibit to the Company's Form 10-K as filed with the Commission on January 14, 2013\).](#)
- 3.3 [Second Amended and Restated Code of Regulations \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on May 21, 2019\).](#)
- 10(a) [Convertible Promissory Note, dated April 9, 2014, issued by the Company to Roundball in the principal amount of \\$100,000.00 \(incorporated herein by reference to the appropriate exhibit to the Company's Form 10-K as filed with the Commission on January 13, 2015\).](#)
- 10(b) [Convertible Promissory Note, dated May 2, 2014, issued by the Company to Roundball in the principal amount of \\$100,000.00 \(incorporated herein by reference to the appropriate exhibit to the Company's Form 10-K as filed with the Commission on January 13, 2015\).](#)
- 10(c) [Hickok Incorporated 2010 Outside Directors Stock Option Plan \(incorporated herein by reference to Appendix A of the Company's definitive proxy statement for its 2010 annual meeting of shareholders as filed with the Commission on January 26, 2010\).*](#)
- 10(d) [Hickok Incorporated 2013 Omnibus Equity Plan \(incorporated herein by reference to Appendix A of the Company's definitive proxy statement for its 2013 annual meeting of shareholders as filed with the Commission on January 28, 2013\).*](#)
- 10(e) [Convertible Loan Agreement, dated December 30, 2011, among the Company, the Investors, and solely with respect to Section 3 thereof, Robert L. Bauman \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 5, 2012\) effective through December 30, 2012.](#)
- 10(f) [Convertible Promissory Note, dated December 30, 2011, issued by the Company to Roundball in the principal amount of \\$466,879.87 \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 5, 2012\).](#)
- 10(g) [Convertible Promissory Note, dated December 30, 2011, issued by the Company to the Aplin Trust in the principal amount of \\$208,591.20 \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 5, 2012\) effective through December 30, 2012.](#)
- 10(h) [Registration Rights Agreement, dated December 30, 2011, among the Company and the Investors \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 5, 2012\).](#)
- 10(i) [Voting Agreement, dated December 30, 2011, among the Company, the Investors and the Class B Shareholders of the Company \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 5, 2012\) effective through December 30, 2012.](#)
- 10(j) [Subscription Agreement, dated December 30, 2011, between the Company and Roundball \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 5, 2012\) effective through December 30, 2012.](#)
- 10(k) [Amendment No. 1 to Convertible Loan Agreement, dated December 30, 2012, by and between the Company and Roundball, LLC. \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 4, 2013\) effective through December 30, 2013.](#)
- 10(l) [Warrant Agreement, dated December 30, 2012, by and between the Company and Roundball, LLC. \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 4, 2013\) effective through December 30, 2015.](#)
- 10(m) [Amendment No. 2 to Convertible Loan Agreement, dated December 30, 2013, by and between the Company and Roundball, LLC. \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 2, 2014\) effective through December 30, 2014.](#)
- 10(n) [Amendment No. 3 to Convertible Loan Agreement, dated December 31, 2014, by and between the Company and Roundball, LLC. \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 6, 2015\) effective through December 30, 2015.](#)
- 10(o) [Amendment No. 1 to Registration Rights Agreement, dated December 31, 2014, by and between the Company and Roundball, LLC. \(incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on January 6, 2015\).](#)

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10(p)	<u>Amendment No. 4 to Convertible Loan Agreement, dated December 30, 2015, by and between the Company and Roundball, LLC. (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on December 30, 2015 effective through December 30, 2016.</u>
10(q)	<u>Amendment No. 1 to Warrant Agreement, dated December 30, 2015, by and between the Company and Roundball, LLC. (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on December 30, 2015) effective through December 30, 2016.</u>
10(r)	<u>Revolving Credit Agreement, dated June 3, 2016 between the Company and First Francis Company Inc. (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on June 7, 2016).</u>
10(s)	<u>Revolver Credit Promissory Note, dated June 3, 2016, between the Company and First Francis Company Inc. (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on June 7, 2016).</u>
10(t)	<u>Revolving Credit Promissory Note, dated June 27, 2016, between the Company and First Francis Company Inc. (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on June 30, 2016).</u>
10(u)	<u>Amendment No. 5 to Convertible Loan Agreement, dated December 20, 2016, by and between the Company and Roundball, LLC. effective through December 30, 2017 (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on December 27, 2016).</u>
10(v)	<u>Amendment No. 2 to Warrant Agreement, dated December 20, 2016, by and between the Company and Roundball, LLC. effective through December 30, 2017 (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on December 27, 2016).</u>
10(w)	<u>Credit Agreement, dated June 1, 2017, among Hickok Incorporated, Hickok Acquisition A LLC, Supreme Electronics Corp., Federal Hose Manufacturing LLC, Waekon Corporation, Hickok Operating LLC and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed with the Commission on June 5, 2017.)</u>
10(x)	<u>Asset Purchase Agreement dated June 1, 2017, among Hickok Acquisition A LLC, Air Enterprises Acquisition LLC, A. Malachi Mixon, III and William M. Weber (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on June 5, 2017).</u>
10(y)	<u>Amendment No. 6 to Convertible Loan Agreement, dated December 29, 2017, by and between the Company and Roundball, LLC. effective through December 30, 2018 (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on January 4, 2018).</u>
10(z)	<u>Amendment No. 3 to Warrant Agreement, dated December 29, 2017, by and between the Company and Roundball, LLC. effective through December 30, 2018 (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on January 4, 2018).</u>
10(aa)	<u>Credit Agreement, dated June 1, 2017, among Hickok Incorporated, Hickok Acquisition A LLC, Supreme Electronics Corp., Federal Hose Manufacturing LLC, Waekon Corporation, Hickok Operating LLC, CAD Enterprises, Inc. and JPMorgan Chase Bank, N.A., as amended July 5, 2018 (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on July 11, 2018).</u>
10(ab)	<u>First Amendment to Promissory Note entered into as of July 5, 2018 between Hickok Incorporated and First Francis Company, Inc. with respect to Promissory Note in the original principal amount of \$2,000,000. (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on July 11, 2018).</u>
10(ac)	<u>First Amendment to Promissory Note entered into as of July 5, 2018 between Hickok Incorporated and First Francis Company, Inc. with respect to Promissory Note in the original principal amount of \$2,768,662. (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K filed with the Commission on July 11, 2018).</u>
10(ad)	<u>Amended and Restated 2013 Omnibus Equity Plan (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on May 14, 2019).</u>
10(ae)	<u>Credit Agreement, dated June 1, 2017, as amended by that certain First Amendment Agreement, dated as of July 5, 2018, among Crawford United Corporation, Crawford AE LLC, Supreme Electronics Corp., Federal Hose Manufacturing LLC, Data Genomix LLC, Waekon Corporation, CAD Enterprises, Inc., Crawford United Acquisition Company, LLC, and JPMorgan Chase Bank, N.A., as amended September 30, 2019 (incorporated herein by reference to the appropriate exhibit to the Company's Form 8-K as filed with the Commission on October 4, 2019).</u>
10(af)	<u>Credit Agreement, dated June 1, 2017, as amended by that certain First Amendment Agreement, dated as of July 5, 2018, and that certain Second Amendment Agreement, dated as of September 30, 2019, among Crawford United Corporation, Crawford AE LLC, Supreme Electronics Corp., Federal Hose Manufacturing LLC, Data Genomix LLC, Waekon Corporation, CAD Enterprises, Inc., Crawford United Acquisition Company, LLC, and JPMorgan Chase Bank, N.A., as amended December 30, 2019 (filed herewith).</u>
11	<u>Computation of Net Income Per Common Share.</u>
14	<u>Crawford United Corporation Financial Code of Ethics for the Chief Executive Officer and Specified Financial Officers.</u>
21	<u>Subsidiaries of the Registrant.</u>
23	<u>Consent of Independent Registered Public Accounting Firm.</u>
31.1	<u>Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer.</u>
31.2	<u>Rule 13a-14(a)/15d-14(a) Certification by the Chief Financial Officer.</u>
32.1	<u>Certification by the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2	<u>Certification by the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS*	XBRL Instance
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation
101.DEF*	XBRL Extension Definition
101.LAB*	XBRL Taxonomy Extension Labels
101.PRE*	XBRL Taxonomy Extension Presentation

*XBRL information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

**Management contract, compensation plan or arrangement.

The following pages contain the Consolidated Financial Statement Schedules as specified for Item 8 of Part II of Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CRAWFORD UNITED CORPORATION

By: /s/ Brian E. Powers

Brian E. Powers

Chairman, President and Chief Executive Officer

Date: March 13, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated and on the 13th day of March 2020:

SIGNATURE:

TITLE

/s/ Brian E. Powers

Brian E. Powers

Chairman, President and Chief

Executive Officer

(Principal Executive Officer)

/s/ Kelly J. Marek

Kelly J. Marek

Vice President and Chief

Financial Officer

(Principal Financial and Accounting Officer)

/s/ Matthew V. Crawford

Matthew V. Crawford

Director

/s/ Steven H. Rosen

Steven H. Rosen

Director

/s/ Kirin M. Smith

Kirin M. Smith

Director

/s/ Luis E. Jimenez

Luis E. Jimenez

Director

CRAWFORD UNITED CORPORATION
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deductions	Balance at End of Period
Year Ended December 31, 2018				
Reserve for doubtful accounts	\$ 60,275	\$ -	\$ (25,275)	\$ 35,000
Reserve for inventory obsolescence	242,239	56,261	(72,008)	226,492
Reserve for product warranty	199,899	419,460	(145,055)	474,304
Valuation allowance for deferred taxes	47,319	-	-	47,319
Reserve for uncertain tax positions	\$ 395,000	\$ -	\$ -	\$ 395,000
Year Ended December 31, 2019				
Reserve for doubtful accounts	\$ 35,000	\$ -	\$ (16,675)	\$ 18,325
Reserve for inventory obsolescence	226,492	24,114	-	250,606
Reserve for product warranty	474,304	417,505	(589,323)	302,486
Valuation allowance for deferred taxes	47,319	-	-	47,319
Reserve for uncertain tax positions	\$ 395,000	\$ -	\$ -	\$ 395,000