# Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

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

OMB Nos. 1210-0110
1210-0089

**2015**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

**A** This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

**B** This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [X] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

**C** If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

**D** Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
PROTINGENT EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

**1b** Three-digit plan number (PN) ▶ 002

**1c** Effective date of plan 01/01/2011

**2a** Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)

PROTINGENT, INC.

3650 131ST AVENUE
SUITE 500
BELLEVUE, WA 98006

**2b** Employer Identification Number (EIN)
27-0030296

**2c** Plan Sponsor's telephone number
425-284-7777

**2d** Business code (see instructions)
561300

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

| | | | |
|---|---|---|---|
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 06/29/2017 | DONN HARVEY |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 06/29/2017 | DONN HARVEY |
| | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| **SIGN HERE** | | | |
| | **Signature of DFE** | Date | Enter name of individual signing as DFE |

Preparer's name (including firm name, if applicable) and address (include room or suite number)

Preparer's telephone number

| | | |
|---|---|---|
| **3a** Plan administrator's name and address [X] Same as Plan Sponsor | **3b** Administrator's EIN | |
| | **3c** Administrator's telephone number | |
| **4** If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: | **4b** EIN | |
| **a** Sponsor's name | **4c** PN | |
| **5** Total number of participants at the beginning of the plan year | **5** | 127 |
| **6** Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**). | | |
| **a(1)** Total number of active participants at the beginning of the plan year | **6a(1)** | 102 |
| **a(2)** Total number of active participants at the end of the plan year | **6a(2)** | 88 |
| **b** Retired or separated participants receiving benefits | **6b** | 2 |
| **c** Other retired or separated participants entitled to future benefits | **6c** | 36 |
| **d** Subtotal. Add lines **6a(2)**, **6b**, and **6c**. | **6d** | 126 |
| **e** Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. | **6e** | 1 |
| **f** Total. Add lines **6d** and **6e**. | **6f** | 127 |
| **g** Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 125 |
| **h** Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 26 |
| **7** Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | |

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

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

| **9a** Plan funding arrangement (check all that apply) | | **9b** Plan benefit arrangement (check all that apply) | |
|---|---|---|---|
| **(1)** | [ ] Insurance | **(1)** | [ ] Insurance |
| **(2)** | [ ] Code section 412(e)(3) insurance contracts | **(2)** | [ ] Code section 412(e)(3) insurance contracts |
| **(3)** | [X] Trust | **(3)** | [X] Trust |
| **(4)** | [ ] General assets of the sponsor | **(4)** | [ ] General assets of the sponsor |

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

**a Pension Schedules**

- **(1)** [X] **R** (Retirement Plan Information)
- **(2)** [ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** [ ] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

**b General Schedules**

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

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

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

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

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

**11c** Enter the Receipt Confirmation Code for the 2015 Form M-1 annual report. If the plan was not required to file the 2015 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

| SCHEDULE C (Form 5500) | Service Provider Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury<br>Internal Revenue Service | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). | 2015 |
| Department of Labor<br>Employee Benefits Security Administration | ▶ File as an attachment to Form 5500. | This Form is Open to Public Inspection. |
| Pension Benefit Guaranty Corporation | | |

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

| A Name of plan | B Three-digit plan number (PN) ▶ | |
|---|---|---|
| PROTINGENT EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST | | 002 |
| **C** Plan sponsor's name as shown on line 2a of Form 5500 | **D** Employer Identification Number (EIN) | |
| PROTINGENT, INC. | 27-0030296 | |

## Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

### 1 Information on Persons Receiving Only Eligible Indirect Compensation

**a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . ☐ Yes ☒ No

**b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

## Part I Service Provider Information (continued)

**3** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

## Part II Service Providers Who Fail or Refuse to Provide Information

**4** Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

## Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

| | | |
|---|---|---|
| **a** | Name: | **b** EIN: |
| **c** | Position: | |
| **d** | Address: | **e** Telephone: |

Explanation:

| | | |
|---|---|---|
| **a** | Name: | **b** EIN: |
| **c** | Position: | |
| **d** | Address: | **e** Telephone: |

Explanation:

| | | |
|---|---|---|
| **a** | Name: | **b** EIN: |
| **c** | Position: | |
| **d** | Address: | **e** Telephone: |

Explanation:

| | | |
|---|---|---|
| **a** | Name: | **b** EIN: |
| **c** | Position: | |
| **d** | Address: | **e** Telephone: |

Explanation:

| | | |
|---|---|---|
| **a** | Name: | **b** EIN: |
| **c** | Position: | |
| **d** | Address: | **e** Telephone: |

Explanation:

# SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

# Financial Information

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

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

OMB No. 1210-0110

**2015**

**This Form is Open to Public Inspection**

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

**A** Name of plan
PROTINGENT EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

**B** Three-digit plan number (PN) ▶ 002

**C** Plan sponsor's name as shown on line 2a of Form 5500
PROTINGENT, INC.

**D** Employer Identification Number (EIN)
27-0030296

## Part I Asset and Liability Statement

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

| Assets | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | 1a | 345 | 185 |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | 0 | 0 |
| **(2)** Participant contributions | 1b(2) | 0 | 0 |
| **(3)** Other | 1b(3) | 0 | 0 |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | | |
| **(2)** U.S. Government securities | 1c(2) | | |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | 1c(3)(A) | | |
| **(B)** All other | 1c(3)(B) | | |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | 1c(4)(A) | | |
| **(B)** Common | 1c(4)(B) | | |
| **(5)** Partnership/joint venture interests | 1c(5) | | |
| **(6)** Real estate (other than employer real property) | 1c(6) | | |
| **(7)** Loans (other than to participants) | 1c(7) | | |
| **(8)** Participant loans | 1c(8) | | |
| **(9)** Value of interest in common/collective trusts | 1c(9) | | |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | | |
| **(11)** Value of interest in master trust investment accounts | 1c(11) | | |
| **(12)** Value of interest in 103-12 investment entities | 1c(12) | | |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | 1c(13) | | |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | | |

| | | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|---|
| **1d** | Employer-related investments: | | | |
| | **(1)** Employer securities | 1d(1) | 2792400 | 2496000 |
| | **(2)** Employer real property | 1d(2) | | |
| **e** | Buildings and other property used in plan operation | 1e | | |
| **f** | Total assets (add all amounts in lines 1a through 1e) | 1f | 2792745 | 2496185 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | 0 | |
| **h** | Operating payables | 1h | 0 | |
| **i** | Acquisition indebtedness | 1i | 0 | |
| **j** | Other liabilities | 1j | 2184889 | 1947095 |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | 2184889 | 1947095 |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 607856 | 549090 |

## Part II Income and Expense Statement

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

| | Income | | (a) Amount | (b) Total |
|---|---|---|---|---|
| **a** | **Contributions:** | | | |
| | **(1)** Received or receivable in cash from: **(A)** Employers | 2a(1)(A) | 387200 | |
| | **(B)** Participants | 2a(1)(B) | 0 | |
| | **(C)** Others (including rollovers) | 2a(1)(C) | 0 | |
| | **(2)** Noncash contributions | 2a(2) | 0 | |
| | **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 387200 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | 0 | |
| | **(B)** U.S. Government securities | 2b(1)(B) | 0 | |
| | **(C)** Corporate debt instruments | 2b(1)(C) | 0 | |
| | **(D)** Loans (other than to participants) | 2b(1)(D) | 0 | |
| | **(E)** Participant loans | 2b(1)(E) | | |
| | **(F)** Other | 2b(1)(F) | 0 | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 0 |
| | **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | 0 | |
| | **(B)** Common stock | 2b(2)(B) | 0 | |
| | **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | 0 | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 0 |
| | **(3)** Rents | 2b(3) | | 0 |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | 0 | |
| | **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | 0 | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | 0 |
| | **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | 2b(5)(A) | 0 | |
| | **(B)** Other | 2b(5)(B) | -296400 | |
| | **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | -296400 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| **(6)** Net investment gain (loss) from common/collective trusts | 2b(6) | | 0 |
| **(7)** Net investment gain (loss) from pooled separate accounts | 2b(7) | | 0 |
| **(8)** Net investment gain (loss) from master trust investment accounts | 2b(8) | | 0 |
| **(9)** Net investment gain (loss) from 103-12 investment entities | 2b(9) | | 0 |
| **(10)** Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | 0 |
| **c** Other income | 2c | | 0 |
| **d** Total income. Add all **income** amounts in column (b) and enter total | 2d | | 90800 |
| **Expenses** | | | |
| **e** Benefit payment and payments to provide benefits: | | | |
| **(1)** Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 24829 | |
| **(2)** To insurance carriers for the provision of benefits | 2e(2) | 0 | |
| **(3)** Other | 2e(3) | 0 | |
| **(4)** Total benefit payments. Add lines **2e(1)** through **(3)** | 2e(4) | | 24829 |
| **f** Corrective distributions (see instructions) | 2f | | 0 |
| **g** Certain deemed distributions of participant loans (see instructions) | 2g | | |
| **h** Interest expense | 2h | | 124577 |
| **i** Administrative expenses: **(1)** Professional fees | 2i(1) | 160 | |
| **(2)** Contract administrator fees | 2i(2) | 0 | |
| **(3)** Investment advisory and management fees | 2i(3) | 0 | |
| **(4)** Other | 2i(4) | 0 | |
| **(5)** Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 160 |
| **j** Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 149566 |
| **Net Income and Reconciliation** | | | |
| **k** Net income (loss). Subtract line **2j** from line **2d** | 2k | | -58766 |
| **l** Transfers of assets: | | | |
| **(1)** To this plan | 2l(1) | | 0 |
| **(2)** From this plan | 2l(2) | | |

## Part III Accountant's Opinion

**3** Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

**a** The attached opinion of an independent qualified public accountant for this plan is (see instructions):

**(1)** [X] Unqualified **(2)** [ ] Qualified **(3)** [ ] Disclaimer **(4)** [ ] Adverse

**b** Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [ ] Yes [X] No

**c** Enter the name and EIN of the accountant (or accounting firm) below:

**(1)** Name: MAHRT & ASSOCIATES PLLC **(2)** EIN: 91-1873332

**d** The opinion of an independent qualified public accountant is **not attached** because:

**(1)** [ ] This form is filed for a CCT, PSA, or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

## Part IV Compliance Questions

**4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

| | | Yes | No | N/A | Amount |
|---|---|---|---|---|---|
| **a** Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.) | 4a | | X | | 0 |
| **b** Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.) | 4b | | X | | 0 |

| | | Yes | No | N/A | Amount |
|---|---|---|---|---|---|
| c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) | 4c | | X | | 0 |
| d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) | 4d | | X | | 0 |
| e Was this plan covered by a fidelity bond? | 4e | X | | | 500000 |
| f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | | |
| g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | | X | | |
| h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | | |
| i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | X | | | |
| j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) | 4j | | X | | |
| k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | | |
| l Has the plan failed to provide any benefit when due under the plan? | 4l | | X | | |
| m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | X | | |
| n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. | 4n | | | | |
| o Did the plan trust incur unrelated business taxable income? | 4o | | | | |
| p Were in-service distributions made during the plan year? | 4p | | X | | |

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

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

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

**5c** If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ..... ☐ Yes ☐ No ☐ Not determined

## Part V Trust Information

| **6a** Name of trust | **6b** Trust's EIN |
|---|---|
| | |

| **6c** Name of trustee or custodian | **6d** Trustee's or custodian's telephone number |
|---|---|
| | |

# SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

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

OMB No. 1210-0110

**2015**

**This Form is Open to Public Inspection.**

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

**A** Name of plan
PROTINGENT EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

**B** Three-digit plan number (PN) ▶ 002

**C** Plan sponsor's name as shown on line 2a of Form 5500
PROTINGENT, INC.

**D** Employer Identification Number (EIN)
27-0030296

## Part I Distributions

**All references to distributions relate only to payments of benefits during the plan year.**

**1** Total value of distributions paid in property other than in cash or the forms of property specified in the instructions ..... **1** 0

**2** Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 42-0127290

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

**3** Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year ..... **3**

## Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

**4** Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**If the plan is a defined benefit plan, go to line 8.**

**5** If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

**If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.**

**6 a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) ..... **6a**

**b** Enter the amount contributed by the employer to the plan for this plan year ..... **6b**

**c** Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) ..... **6c**

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

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

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

## Part III Amendments

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

## Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

**10** Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☒ **No**

**11 a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☒ **No**

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

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

## Part V Additional Information for Multiemployer Defined Benefit Pension Plans

**13** Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

**a** Name of contributing employer

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

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

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

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

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

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

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

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

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

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

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

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

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

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

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

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

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

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

**14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

| | | |
|---|---|---|
| **a** The current year | **14a** | |
| **b** The plan year immediately preceding the current plan year | **14b** | |
| **c** The second preceding plan year | **14c** | |

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

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

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

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

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

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

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

**19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

**a** Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

**b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

**c** What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

## Part VII IRS Compliance Questions

| | | |
|---|---|---|
| **20a** Is the plan a 401(k) plan? | ☐ Yes | ☐ No |
| **20b** If "Yes," how does the 401(k) plan satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under sections 401(k)(3) and 401(m)(2)? | ☐ Design-based safe harbor method | ☐ ADP/ACP test |
| **20c** If the ADP/ACP test is used, did the 401(k) plan perform ADP/ACP testing for the plan year using the "current year testing method" for nonhighly compensated employees (Treas. Reg sections 1.401(k)-2(a)(2)(ii) and 1.401(m)-2(a)(2)(ii))? | ☐ Yes | ☐ No |
| **21a** Check the box to indicate the method used by the plan to satisfy the coverage requirements under section 410(b): | ☐ Ratio percentage test | ☐ Average benefit test |
| **21b** Does the plan satisfy the coverage and nondiscrimination tests of sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules? | ☐ Yes | ☐ No |
| **22a** Has the plan been timely amended for all required tax law changes? | ☐ Yes | ☐ No ☐ N/A |

**22b** Date the last plan amendment/restatement for the required tax law changes was adopted ____/____/____. Enter the applicable code _____ (See instructions for tax law changes and codes).

**22c** If the plan sponsor is an adopter of a pre-approved master and prototype (M&P) or volume submitter plan that is subject to a favorable IRS opinion or advisory letter, enter the date of that favorable letter _____/_____/_____ and the letter's serial number _____.

**22d** If the plan is an individually-designed plan and received a favorable determination letter from the IRS, enter the date of the plan's last favorable determination letter _____/_____/_____.

| | | |
|---|---|---|
| **23** Is the Plan maintained in a U.S. territory (i.e., Puerto Rico (if no election under ERISA section 1022(i)(2) has been made), American Samoa, Guam, the Commonwealth of the Northern Mariana Islands or the U.S. Virgin Islands)? | ☐ Yes | ☐ No |

# PROTINGENT EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

# INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS
**(with supplemental information)**

# DECEMBER 31, 2015 and 2014

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**INDEPENDENT AUDITORS' REPORT**

Board of Trustees
Protingent Employee Stock Ownership Plan and Trust
3650 131st Avenue Suite 500
Bellevue, WA 98006

We have audited the accompanying financial statements of Protingent Employee Stock Ownership Plan and Trust, which comprise the statements of net assets available for benefits as of December 31, 2015 and the related statements of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Protingent Employee Stock Ownership Plan and Trust as of December 31, 2015 and the changes in net assets available for benefits for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The 2014 balance sheet was compiled by us, and our report, thereon dated June 25, 2017 stated that we did not audit or review those financial statements and accordingly we do not express an opinion or any other form of assurance on them.

**Report on Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Assets Held for Investment Purposes at End of Year of Protingent Employee Stock Ownership Plan and Trust, referred to as "supplemental information" is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mahrt & Associates, PLLC

Mahrt & Associates, PLLC
Federal Way, Washington
June 26, 2017

**PROTINGENT EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**
**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

| | December 31, 2015 Audited | | |
|---|---|---|---|
| | Allocated | Unallocated | Total |
| **Assets:** | | | |
| Investment in Protingent Employee Stock Ownership Plan and Trust common stock, at fair value | $ 1,081,348 | $ 1,414,652 | $ 2,496,000 |
| Cash and cash equivalents | 185 | -0- | 185 |
| **Total Assets** | $ 1,081,533 | $ 1,414,652 | $ 2,496,185 |
| **Liabilities:** | | | |
| Loan payable | $ -0- | $ 1,947,095 | $ 1,947,095 |
| **Total Liabilities** | -0- | 1,947,096 | 1,947,095 |
| **Net assets available (deficit) for plan benefits** | $ 1,081,533 | $ (532,443) | $ 549,090 |


*See accompanying notes*

| | December 31, 2014 Unaudited | | |
|---|---|---|---|
| | Allocated | Unallocated | Total |
| **Assets:** | | | |
| Investment in Protingent Employee Stock Ownership Plan and Trust common stock, at fair value | $ 966,399 | $ 1,826,001 | $ 2,792,400 |
| Cash and cash equivalents | 345 | -0- | 345 |
| **Total Assets** | $ 966,744 | $ 1,826,001 | $ 2,792,745 |
| **Liabilities:** | | | |
| Loan payable | $ -0- | $ 2,184,889 | $ 2,184,889 |
| **Total Liabilities** | -0- | 2,184,889 | 2,184,889 |
| **Net assets available (deficit) for plan benefits** | $ 966,744 | $ (358,888) | $ 607,856 |

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**PROTINGENT EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**
**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

| | December 31, 2015 Audited | | |
|---|---|---|---|
| **Additions:** | Allocated | Unallocated | Total |
| Investment Income: | | | |
| Net Depreciation in Fair Value of Investments | $ (102,579) | $ (193,821) | $ (296,400) |
| Employer Contributions | 24,829 | 362,371 | 387,200 |
| Allocation of 135,955 shares of common stock of Protingent Inc. at fair value | 217,528 | -0- | 217,528 |
| Total Additions | 139,778 | 168,550 | 308,328 |
| **Deductions:** | | | |
| Distributions to Participants | 24,829 | -0- | 24,829 |
| Interest Expense | -0- | 124,577 | 124,577 |
| Administrative Fees | 160 | -0- | 160 |
| Allocation of 135,955 shares of common stock of Protingent Inc. at fair value | -0- | 217,528 | 217,528 |
| Total Deductions | 24,989 | 342,105 | 367,094 |
| **Net Increase (Decrease) In Net Assets** | 114,789 | (173,555) | (58,766) |
| **Net Assets Available For Benefits** | | | |
| Beginning of Year | 966,744 | (358,888) | 607,856 |
| **End of Year** | **$ 1,081,533** | **$ (532,443)** | **$ 549,090** |

## NOTE 1 – DESCRIPTION OF THE PLAN

The following brief description of Protingent Employee Stock Ownership Plan and Trust (the Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for complete information.

*General* – Protingent, Inc. (Company) established the Protingent Employee Stock Ownership Plan effective as of January 1, 2011 and operates, in relevant part, as a leveraged employee stock ownership plan (ESOP), and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (IRC) and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Plan is administered by Principal Life Insurance Co. appointed by Protingent Inc.'s Board of Directors.

The Plan purchased Company common stock using the proceeds of a loan by the Company shareholders (Note 7), guaranteed by the Company and holds the common stock in a Trust established under the Plan. The borrowing is to be repaid over a period of ten years by fully deductible Company contributions to the trust fund. As the Plan makes each payment of principal, an appropriate percentage of stock will be allocated to eligible employees' accounts in accordance with applicable regulations under the IRC. Shares vest according to the vesting schedule.

The borrowing is collateralized by the unallocated shares of common stock and is guaranteed by the Company. The lender has no rights against shares of common stock once they are allocated under the provisions of the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2015 and 2014 and for the year ended December 31, 2015 present separately the assets and liabilities and changes therein pertaining to:

1. The accounts of employees with vested rights in allocated common stock (Allocated) and

2. Common stock not yet allocated to employees (Unallocated)

*Eligibility* – All employees of the Company who meet the eligibility requirements of the Plan are eligible to be participants in the ESOP. All Employees of the Company who had completed one year of service and attained the age of 18 as of the date the ESOP was signed (December 20, 2011) became participants as of January 1, 2011.

An employee hired after December 20, 2011, will become a Participant on the first entry date (January 1 or July 1) coinciding with or next following the date on which he/she completes one year of service and attains the age of 18 years. A year of service is defined as 1,000 hours of service. Employees must be employed on the last day of the year to receive an allocation of the employer contribution.

Employees not eligible to participate are employees covered by a collective bargaining agreement and non- resident aliens who do not receive any earned income from the employer which constitutes United States source income.

**NOTE 1 – DESCRIPTION OF THE PLAN, continued**

*Contributions* -. The Company is obligated to make contributions in cash to the Plan, which equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its term loan. Employees are not permitted to make contributions.

*Payment of Benefits* - After employment terminates, the value of the employee's vested interest in his or her account will be distributed in accordance with the ESOP's distribution policy. In determining the value of the employee's accounts, shares of company stock are valued at the fair market value as of the December 31st immediately preceding the date of the distribution. Normally the vested benefit under the ESOP will be distributed in cash. Distributions must commence by the April 1st following the end of the calendar year in which you reach 70 ½ if you are a 5% owner of the Company, or you have terminated your service with the Company. In certain circumstances, an employee may elect to transfer their benefit directly to an individual retirement account, or to another employer's qualified retirement plan that accepts such rollovers, at the time a distribution is payable.

*Voting Rights* – Each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account and is notified by the Trustee prior to the time that such rights are to be exercised. The Trustee is not permitted to vote any allocated share for which instructions have not been given by a participant. The Trustee is required, however, to vote any unallocated shares on behalf of the collective best interest of plan participants and beneficiaries.

*Plan Termination* – the Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon such termination of the Plan, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms and the IRC. Upon termination of the Plan the trustees will be directed to pay all liabilities and expenses of the trust fund and to sell shares of the financed common stock held in the loan account to the extent it determines such sale to be necessary in order to repay the loan.

*Participant Accounts* - The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited as of the last day of each plan year with an allocation of shares of the Company's common stock released by the Trustee from the unallocated account and forfeitures of terminated participants' non- vested accounts. Only those participants who are eligible employees of the Company as of the last day of the plan year will receive an allocation. Allocations are based on a participant's eligible compensation, relative to total compensation. Plan earnings are allocated to each participant's account based on the ratio of the participant's beginning of the year account balance to all participants' beginning of the year account balances.

**NOTE 1 – DESCRIPTION OF THE PLAN, continued**

*Vesting* – Vesting is as follows:

Vesting Schedule

| Years of Service | Percentage |
|---|---|
| 0-1 | 0% |
| 2 | 20% |
| 3 | 40% |
| 4 | 60% |
| 5 | 80% |
| 6 or more | 100% |

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

Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25% of the number shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50% of the balance in the participants' account. No diversification election shall be permitted if the balance in a Participant's has a fair market value of $500 or less as of the allocation date of the first plan year in the election period.

*Forfeited Accounts* – Employer contributions and Plan forfeitures are allocated to each participant's account based upon the relation of the participant's compensation to total compensation for the plan year.

Forfeitures may be held in a special account for a period of up to five years before they are reallocated. A participant who leaves employment and returns within a five-year period picks up where they left off regarding vesting. Therefore, forfeitures are usually held for five years.

Forfeitures of terminated non vested account balances allocated to remaining participants at December 31, 2015 totaled $14,433 and is included in allocated common stock on the balance sheet.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Plan's significant accounting policies applied in the preparation of the accompanying financial statements follows:

a. *Basis of Accounting* - The accounts of the Plan are prepared on the accrual basis of accounting.

b. *Investment Valuation and Income Recognition* – the shares of the Company common stock are valued at fair value. See Note 3 for discussion of fair value measurements.

   Net appreciation included the plan's gains and losses on investments bought and sold as well as held during the year.

c. *Risks and Uncertainties* - The plan's investments consist primarily of the Company's common stock, which is exposed to various risks, including interest rate, market, and credit risks, as well as valuation assumptions based on earnings and cash flows. Due to the level of risk associated with the investment in the common stock and uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in the value of the common stock will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

d. *Use of Estimates* - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

*e.* *Date of Management's Review of Subsequent Events* - Subsequent events were evaluated through June 26, 2017, the date the financial statements were available to be issued.

*f.* *Operating Expenses* – All expenses of maintaining the Plan are paid by the Company

## NOTE 3 – FAIR VALUE MEASUREMENTS

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to measure the fair value of certain financial instruments could result in a different fair value the reporting date.

The fair value measurements accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

*Level 3 Fair Value Measurements*

The fair value of the Company common stock in based on by an annual independent appraisal. The appraisal was based on a combination of the market and income valuation approaches consistent with prior years. The appraiser took into account historical and projected cash flow and net earnings, weighted average cost of capital, market comparables, and applicable discounts and premiums.

An independent valuation specialist, under the supervision of the Company's Trustee, determines the fair value measurement policies and procedures. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

The following tables present fair value measurement information for the Plan's investments in Company common stock. The carrying value of cash included in the accompanying statement of net assets available for benefits approximated fair value at December 31, 2025 and 2014, and are thus not included in the following table.

**NOTE 3 – FAIR VALUE MEASUREMENTS, continued**

| | Fair Value | Fair Value Measurements at the End of the Reporting Period Using Significant Unobservable Inputs (Level 3) |
|---|---|---|
| **December 31, 2015 (audited)** | | |
| Company common stock | $ 2,496,000 | $ 2,496,000 |
| **December 31, 2014 (unaudited)** | | |
| Company common stock | $ 2,792,400 | $ 2,792,400 |

The following table provide further details of the Plan's Level 3 fair value measurement.

| | |
|---|---|
| **December 31, 2015 (audited)** | |
| Beginning balance | $ 2,792,400 |
| Total gains or losses (realized and unrealized) included in changes in net assets available for benefits | (296,400) |
| Ending balance | $ 2,496,000 |

Gains and losses included in changes in net assets available for benefits for the year ended December 31, 2015 are reported in net depreciation in fair value of investments.

The Plan's policy is to recognize transfers into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer. For the year ended December 31, 2015 there were no significant transfers into or out of Level 3.

## NOTE 4 – TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated September 26, 2013 that the Plan is qualified and the trust established under the Plan is exempt, under the appropriate sections of the IRC.

Accounting principles generally accepted in the United States of America require the plan administrator to evaluate tax positions taken by the Plan and recognize a tax liability for any uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress.

## NOTE 5 – ADMINISTRATION OF PLAN ASSETS

The Plan's assets, which consist principally of Company common stock, are held by the Plan. Company contributions are held and managed by the Plan which makes distributions to participants. The plan also administers the payment of interest and principal on the loan, which is reimbursed to the Plan through contributions as determined by the Company.

Administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan. Expenses of the Plan are paid by the Company.

In 2016 the plan created an advisory committee who makes suggestions regarding the wording and definitions of the Plan.

## NOTE 6 – INVESTMENTS

The Plan's investments in Company common stock at December 31, 2015 and 2014 are as follows:

| | 2015 Audited | | 2014 Unaudited | |
|---|---|---|---|---|
| | Allocated | Unallocated | Allocated | Unallocated |
| Number of Shares | 675,843 | 884,157 | 539,888 | 1,020,112 |
| Cost | $ 1,351,685 | $ 1,768,315 | $ 1,079,795 | $ 2,040,225 |
| Fair Value | $ 1,081,348 | $ 1,414,652 | $ 966,399 | $ 1,826,001 |

## NOTE 7 – LOAN PAYABLE

The two shareholders of Protingent Inc. agreed to sell to the Plan 1,560,000 shares of common stock of the Company for a purchase price of $3,120,000. The shareholders received a cash payment of $400,000 and two notes, one for each shareholder, for $2,720,000 in aggregate to be paid over ten years. The notes are secured by the Plan's pledge of 1,360,000 shares in favor of the shareholders and are guaranteed by the Company.

Shares are released from collateral and allocated to participants when principal and interest payments are made. The number of shares released in any year is 135,955. The fair value of the notes payable as of December 31, 2015 and 2014 was approximately $1,947,095 and $2,184,889, respectively. The loan bears interest at 6%.

The scheduled amortization of the loan is as follows:

| | | |
|---|---|---|
| 2016 | $ | 252,127 |
| 2017 | | 268,011 |
| 2018 | | 284,541 |
| 2019 | | 302,091 |
| 2020 and thereafter | | 519,742 |

## NOTE 8 – RELATED-PARTY AND PARTY-IN-INTEREST TRANSACTIONS

The Plan invests in Company common stock and has indebtedness guaranteed by the Company. These are related party and party-in-interest transactions. As described in Notes 2 and 5, the Company pays the expenses of the Plan. The Plan has a number of service providers. Such parties are parties-in-interest under ERISA.

## NOTE 9 – SUBSEQUENT EVENTS

The Plan received a letter from the United States Department of Labor that the 2015 Form 5500 was rejected because the accountants' opinion, audited financial statements and accompanying footnotes were not included in the filing. The letter states the Plan must file Form 5500 and the audit within 45 days of the letter which was dated May 15, 2017. As of the date of the audit no other information is known.

The Plan was restated in 2017 to file for an advance determination on Plan qualification. The Plan was previously issued a determination letter on September 26, 2013.

## SUPPLEMENTAL INFORMATION

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**PROTINGENT EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**
**FORM 5500 - SCHEDULE H, LINE 4i**
**SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR**

**EIN 27-0030296 PLAN NO. 002**

**DECEMBER 31, 2015**

| (a) | (b) Identity of Issue, Lessor, or | (c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value | | (d) Cost | (e) Current Value |
|---|---|---|---|---|---|
| * | Protingent Inc | 1,560,000 Sh | Common Stock | $ 3,120,000 | $ 2,496,000 |

* Represents party-in-interest

# PROTINGENT EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

# INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS
**(with supplemental information)**

# DECEMBER 31, 2015 and 2014

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**INDEPENDENT AUDITORS' REPORT**

Board of Trustees
Protingent Employee Stock Ownership Plan and Trust
3650 131st Avenue Suite 500
Bellevue, WA 98006

We have audited the accompanying financial statements of Protingent Employee Stock Ownership Plan and Trust, which comprise the statements of net assets available for benefits as of December 31, 2015 and the related statements of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Protingent Employee Stock Ownership Plan and Trust as of December 31, 2015 and the changes in net assets available for benefits for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The 2014 balance sheet was compiled by us, and our report, thereon dated June 25, 2017 stated that we did not audit or review those financial statements and accordingly we do not express an opinion or any other form of assurance on them.

**Report on Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Assets Held for Investment Purposes at End of Year of Protingent Employee Stock Ownership Plan and Trust, referred to as "supplemental information" is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mahrt & Associates, PLLC

Mahrt & Associates, PLLC
Federal Way, Washington
June 26, 2017

**PROTINGENT EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**
**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

| | December 31, 2015 Audited | | |
|---|---|---|---|
| | Allocated | Unallocated | Total |
| **Assets:** | | | |
| Investment in Protingent Employee Stock Ownership Plan and Trust common stock, at fair value | $ 1,081,348 | $ 1,414,652 | $ 2,496,000 |
| Cash and cash equivalents | 185 | -0- | 185 |
| **Total Assets** | $ 1,081,533 | $ 1,414,652 | $ 2,496,185 |
| **Liabilities:** | | | |
| Loan payable | $ -0- | $ 1,947,095 | $ 1,947,095 |
| **Total Liabilities** | -0- | 1,947,096 | 1,947,095 |
| **Net assets available (deficit) for plan benefits** | $ 1,081,533 | $ (532,443) | $ 549,090 |


*See accompanying notes*

| | December 31, 2014 Unaudited | | |
|---|---|---|---|
| | Allocated | Unallocated | Total |
| **Assets:** | | | |
| Investment in Protingent Employee Stock Ownership Plan and Trust common stock, at fair value | $ 966,399 | $ 1,826,001 | $ 2,792,400 |
| Cash and cash equivalents | 345 | -0- | 345 |
| **Total Assets** | $ 966,744 | $ 1,826,001 | $ 2,792,745 |
| **Liabilities:** | | | |
| Loan payable | $ -0- | $ 2,184,889 | $ 2,184,889 |
| **Total Liabilities** | -0- | 2,184,889 | 2,184,889 |
| **Net assets available (deficit) for plan benefits** | $ 966,744 | $ (358,888) | $ 607,856 |

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**PROTINGENT EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**
**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

| | December 31, 2015 Audited | | |
|---|---|---|---|
| **Additions:** | Allocated | Unallocated | Total |
| Investment Income: | | | |
| Net Depreciation in Fair Value of Investments | $ (102,579) | $ (193,821) | $ (296,400) |
| Employer Contributions | 24,829 | 362,371 | 387,200 |
| Allocation of 135,955 shares of common stock of Protingent Inc. at fair value | 217,528 | -0- | 217,528 |
| Total Additions | 139,778 | 168,550 | 308,328 |
| **Deductions:** | | | |
| Distributions to Participants | 24,829 | -0- | 24,829 |
| Interest Expense | -0- | 124,577 | 124,577 |
| Administrative Fees | 160 | -0- | 160 |
| Allocation of 135,955 shares of common stock of Protingent Inc. at fair value | -0- | 217,528 | 217,528 |
| Total Deductions | 24,989 | 342,105 | 367,094 |
| **Net Increase (Decrease) In Net Assets** | 114,789 | (173,555) | (58,766) |
| **Net Assets Available For Benefits** | | | |
| Beginning of Year | 966,744 | (358,888) | 607,856 |
| **End of Year** | **$ 1,081,533** | **$ (532,443)** | **$ 549,090** |

## NOTE 1 – DESCRIPTION OF THE PLAN

The following brief description of Protingent Employee Stock Ownership Plan and Trust (the Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for complete information.

*General* – Protingent, Inc. (Company) established the Protingent Employee Stock Ownership Plan effective as of January 1, 2011 and operates, in relevant part, as a leveraged employee stock ownership plan (ESOP), and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (IRC) and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Plan is administered by Principal Life Insurance Co. appointed by Protingent Inc.'s Board of Directors.

The Plan purchased Company common stock using the proceeds of a loan by the Company shareholders (Note 7), guaranteed by the Company and holds the common stock in a Trust established under the Plan. The borrowing is to be repaid over a period of ten years by fully deductible Company contributions to the trust fund. As the Plan makes each payment of principal, an appropriate percentage of stock will be allocated to eligible employees' accounts in accordance with applicable regulations under the IRC. Shares vest according to the vesting schedule.

The borrowing is collateralized by the unallocated shares of common stock and is guaranteed by the Company. The lender has no rights against shares of common stock once they are allocated under the provisions of the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2015 and 2014 and for the year ended December 31, 2015 present separately the assets and liabilities and changes therein pertaining to:

1. The accounts of employees with vested rights in allocated common stock (Allocated) and

2. Common stock not yet allocated to employees (Unallocated)

*Eligibility* – All employees of the Company who meet the eligibility requirements of the Plan are eligible to be participants in the ESOP. All Employees of the Company who had completed one year of service and attained the age of 18 as of the date the ESOP was signed (December 20, 2011) became participants as of January 1, 2011.

An employee hired after December 20, 2011, will become a Participant on the first entry date (January 1 or July 1) coinciding with or next following the date on which he/she completes one year of service and attains the age of 18 years. A year of service is defined as 1,000 hours of service. Employees must be employed on the last day of the year to receive an allocation of the employer contribution.

Employees not eligible to participate are employees covered by a collective bargaining agreement and non- resident aliens who do not receive any earned income from the employer which constitutes United States source income.

**NOTE 1 – DESCRIPTION OF THE PLAN, continued**

*Contributions* -. The Company is obligated to make contributions in cash to the Plan, which equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its term loan. Employees are not permitted to make contributions.

*Payment of Benefits* - After employment terminates, the value of the employee's vested interest in his or her account will be distributed in accordance with the ESOP's distribution policy. In determining the value of the employee's accounts, shares of company stock are valued at the fair market value as of the December 31st immediately preceding the date of the distribution. Normally the vested benefit under the ESOP will be distributed in cash. Distributions must commence by the April 1st following the end of the calendar year in which you reach 70 ½ if you are a 5% owner of the Company, or you have terminated your service with the Company. In certain circumstances, an employee may elect to transfer their benefit directly to an individual retirement account, or to another employer's qualified retirement plan that accepts such rollovers, at the time a distribution is payable.

*Voting Rights* – Each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account and is notified by the Trustee prior to the time that such rights are to be exercised. The Trustee is not permitted to vote any allocated share for which instructions have not been given by a participant. The Trustee is required, however, to vote any unallocated shares on behalf of the collective best interest of plan participants and beneficiaries.

*Plan Termination* – the Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon such termination of the Plan, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms and the IRC. Upon termination of the Plan the trustees will be directed to pay all liabilities and expenses of the trust fund and to sell shares of the financed common stock held in the loan account to the extent it determines such sale to be necessary in order to repay the loan.

*Participant Accounts* - The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited as of the last day of each plan year with an allocation of shares of the Company's common stock released by the Trustee from the unallocated account and forfeitures of terminated participants' non- vested accounts. Only those participants who are eligible employees of the Company as of the last day of the plan year will receive an allocation. Allocations are based on a participant's eligible compensation, relative to total compensation. Plan earnings are allocated to each participant's account based on the ratio of the participant's beginning of the year account balance to all participants' beginning of the year account balances.

**NOTE 1 – DESCRIPTION OF THE PLAN, continued**

*Vesting* – Vesting is as follows:

Vesting Schedule

| Years of Service | Percentage |
|---|---|
| 0-1 | 0% |
| 2 | 20% |
| 3 | 40% |
| 4 | 60% |
| 5 | 80% |
| 6 or more | 100% |

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

Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25% of the number shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50% of the balance in the participants' account. No diversification election shall be permitted if the balance in a Participant's has a fair market value of $500 or less as of the allocation date of the first plan year in the election period.

*Forfeited Accounts* – Employer contributions and Plan forfeitures are allocated to each participant's account based upon the relation of the participant's compensation to total compensation for the plan year.

Forfeitures may be held in a special account for a period of up to five years before they are reallocated. A participant who leaves employment and returns within a five-year period picks up where they left off regarding vesting. Therefore, forfeitures are usually held for five years.

Forfeitures of terminated non vested account balances allocated to remaining participants at December 31, 2015 totaled $14,433 and is included in allocated common stock on the balance sheet.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Plan's significant accounting policies applied in the preparation of the accompanying financial statements follows:

a. *Basis of Accounting* - The accounts of the Plan are prepared on the accrual basis of accounting.

b. *Investment Valuation and Income Recognition* – the shares of the Company common stock are valued at fair value. See Note 3 for discussion of fair value measurements.

   Net appreciation included the plan's gains and losses on investments bought and sold as well as held during the year.

c. *Risks and Uncertainties* - The plan's investments consist primarily of the Company's common stock, which is exposed to various risks, including interest rate, market, and credit risks, as well as valuation assumptions based on earnings and cash flows. Due to the level of risk associated with the investment in the common stock and uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in the value of the common stock will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

d. *Use of Estimates* - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

*e.* *Date of Management's Review of Subsequent Events* - Subsequent events were evaluated through June 26, 2017, the date the financial statements were available to be issued.

*f.* *Operating Expenses* – All expenses of maintaining the Plan are paid by the Company

## NOTE 3 – FAIR VALUE MEASUREMENTS

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to measure the fair value of certain financial instruments could result in a different fair value the reporting date.

The fair value measurements accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

*Level 3 Fair Value Measurements*

The fair value of the Company common stock in based on by an annual independent appraisal. The appraisal was based on a combination of the market and income valuation approaches consistent with prior years. The appraiser took into account historical and projected cash flow and net earnings, weighted average cost of capital, market comparables, and applicable discounts and premiums.

An independent valuation specialist, under the supervision of the Company's Trustee, determines the fair value measurement policies and procedures. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

The following tables present fair value measurement information for the Plan's investments in Company common stock. The carrying value of cash included in the accompanying statement of net assets available for benefits approximated fair value at December 31, 2025 and 2014, and are thus not included in the following table.

**NOTE 3 – FAIR VALUE MEASUREMENTS, continued**

| | Fair Value | Fair Value Measurements at the End of the Reporting Period Using Significant Unobservable Inputs (Level 3) |
|---|---|---|
| **December 31, 2015 (audited)** | | |
| Company common stock | $ 2,496,000 | $ 2,496,000 |
| **December 31, 2014 (unaudited)** | | |
| Company common stock | $ 2,792,400 | $ 2,792,400 |

The following table provide further details of the Plan's Level 3 fair value measurement.

| | |
|---|---|
| **December 31, 2015 (audited)** | |
| Beginning balance | $ 2,792,400 |
| Total gains or losses (realized and unrealized) included in changes in net assets available for benefits | (296,400) |
| Ending balance | $ 2,496,000 |

Gains and losses included in changes in net assets available for benefits for the year ended December 31, 2015 are reported in net depreciation in fair value of investments.

The Plan's policy is to recognize transfers into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer. For the year ended December 31, 2015 there were no significant transfers into or out of Level 3.

## NOTE 4 – TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated September 26, 2013 that the Plan is qualified and the trust established under the Plan is exempt, under the appropriate sections of the IRC.

Accounting principles generally accepted in the United States of America require the plan administrator to evaluate tax positions taken by the Plan and recognize a tax liability for any uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress.

## NOTE 5 – ADMINISTRATION OF PLAN ASSETS

The Plan's assets, which consist principally of Company common stock, are held by the Plan. Company contributions are held and managed by the Plan which makes distributions to participants. The plan also administers the payment of interest and principal on the loan, which is reimbursed to the Plan through contributions as determined by the Company.

Administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan. Expenses of the Plan are paid by the Company.

In 2016 the plan created an advisory committee who makes suggestions regarding the wording and definitions of the Plan.

## NOTE 6 – INVESTMENTS

The Plan's investments in Company common stock at December 31, 2015 and 2014 are as follows:

| | 2015 Audited | | 2014 Unaudited | |
|---|---|---|---|---|
| | Allocated | Unallocated | Allocated | Unallocated |
| Number of Shares | 675,843 | 884,157 | 539,888 | 1,020,112 |
| Cost | $ 1,351,685 | $ 1,768,315 | $ 1,079,795 | $ 2,040,225 |
| Fair Value | $ 1,081,348 | $ 1,414,652 | $ 966,399 | $ 1,826,001 |

## NOTE 7 – LOAN PAYABLE

The two shareholders of Protingent Inc. agreed to sell to the Plan 1,560,000 shares of common stock of the Company for a purchase price of $3,120,000. The shareholders received a cash payment of $400,000 and two notes, one for each shareholder, for $2,720,000 in aggregate to be paid over ten years. The notes are secured by the Plan's pledge of 1,360,000 shares in favor of the shareholders and are guaranteed by the Company.

Shares are released from collateral and allocated to participants when principal and interest payments are made. The number of shares released in any year is 135,955. The fair value of the notes payable as of December 31, 2015 and 2014 was approximately $1,947,095 and $2,184,889, respectively. The loan bears interest at 6%.

The scheduled amortization of the loan is as follows:

| | | |
|---|---|---|
| 2016 | $ | 252,127 |
| 2017 | | 268,011 |
| 2018 | | 284,541 |
| 2019 | | 302,091 |
| 2020 and thereafter | | 519,742 |

## NOTE 8 – RELATED-PARTY AND PARTY-IN-INTEREST TRANSACTIONS

The Plan invests in Company common stock and has indebtedness guaranteed by the Company. These are related party and party-in-interest transactions. As described in Notes 2 and 5, the Company pays the expenses of the Plan. The Plan has a number of service providers. Such parties are parties-in-interest under ERISA.

## NOTE 9 – SUBSEQUENT EVENTS

The Plan received a letter from the United States Department of Labor that the 2015 Form 5500 was rejected because the accountants' opinion, audited financial statements and accompanying footnotes were not included in the filing. The letter states the Plan must file Form 5500 and the audit within 45 days of the letter which was dated May 15, 2017. As of the date of the audit no other information is known.

The Plan was restated in 2017 to file for an advance determination on Plan qualification. The Plan was previously issued a determination letter on September 26, 2013.

## SUPPLEMENTAL INFORMATION

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**PROTINGENT EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**
**FORM 5500 - SCHEDULE H, LINE 4i**
**SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR**

**EIN 27-0030296 PLAN NO. 002**

**DECEMBER 31, 2015**

| (a) | (b) Identity of Issue, Lessor, or | (c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value | | (d) Cost | (e) Current Value |
|---|---|---|---|---|---|
| * | Protingent Inc | 1,560,000 Sh | Common Stock | $ 3,120,000 | $ 2,496,000 |

* Represents party-in-interest