Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

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

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

OMB Nos. 1210-0110
1210-0089

2016

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

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.)
- [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
SANHYD INC 401(K) PROFIT SHARING PLAN & TRUST

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/2004

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)
SANHYD, INCORPORATED

551 ESTUDILLO AVE
SAN LEANDRO, CA 94577-3213

2b Employer Identification Number (EIN) 94-3178914

2c Plan Sponsor's telephone number 510-352-3402

2d Business code (see instructions) 623000

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.	09/11/2017	VAN HA
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	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**	976
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)**	748
a(2)	Total number of active participants at the end of the plan year	**6a(2)**	700
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	5
d	Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d**	705
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	0
f	Total. Add lines **6d** and **6e**.	**6f**	705
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	17
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	0
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:

2E 2F 2G 2J 2T 3D 3H

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)** [ ] **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)** [ ] 0 **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 2016 Form M-1 annual report. If the plan was not required to file the 2016 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 Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2016** **This Form is Open to Public Inspection.**

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
SANHYD INC 401(K) PROFIT SHARING PLAN & TRUST

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
SANHYD, INCORPORATED

D Employer Identification Number (EIN)
94-3178914

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). . . . . [X] 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

MERRILL LYNCH, PIERCE, FENNER

WORLD FINANCIAL CENTER
250 VESEY STREET
NEW YORK, NY 10281

13-5674085

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

PAYCHEX SECURITIES CORPORATION

225 KENNETH DRIVE
ROCHESTER, NY 14623

16-1486352

(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

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(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)

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

2016

This Form is Open to Public Inspection

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
SANHYD INC 401(K) PROFIT SHARING PLAN & TRUST

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
SANHYD, INCORPORATED

D Employer Identification Number (EIN)
94-3178914

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	0	
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	
(2) Participant contributions	1b(2)	0	
(3) Other	1b(3)	0	
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	125	129
(2) U.S. Government securities	1c(2)	0	
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	
(B) All other	1c(3)(B)	0	
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	
(B) Common	1c(4)(B)	0	
(5) Partnership/joint venture interests	1c(5)	0	
(6) Real estate (other than employer real property)	1c(6)	0	
(7) Loans (other than to participants)	1c(7)	0	
(8) Participant loans	1c(8)	22847	13868
(9) Value of interest in common/collective trusts	1c(9)	0	
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	0	
(12) Value of interest in 103-12 investment entities	1c(12)	0	
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	943390	887028
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)	0	0

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)	0	
	(2) Employer real property	1d(2)	0	
e	Buildings and other property used in plan operation	1e	0	
f	Total assets (add all amounts in lines 1a through 1e)	1f	966362	901025
	Liabilities			
g	Benefit claims payable	1g	0	
h	Operating payables	1h	0	
i	Acquisition indebtedness	1i	0	
j	Other liabilities	1j	0	
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	966362	901025

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)		
	(B) Participants	2a(1)(B)	65751	
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		65751
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	720	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		720
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	40371	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		40371
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
	(B) Other	2b(5)(B)		
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		-2826
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		104016
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	126300	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		126300
f Corrective distributions (see instructions)	2f		42913
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	140	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		140
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		169353
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		-65337
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: KEN SUN, CPA **(2)** EIN: 20-2064262

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	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	
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	

			Yes	No	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	
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	
e	Was this plan covered by a fidelity bond?	4e	X		96636
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	Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o			

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
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year_____. (See instructions.)

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

SANHYD INC. 401 (K) PROFIT SHARING PLAN & TRUST

FINANCIAL STATEMENTS

Years Ended December 31, 2016 and 2015

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Independent Auditor's Report

To the Trustee of Sanhyd Inc. 401(k) Profit Sharing Plan & Trust:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Sanhyd Inc. 401(k) Plan, which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statements of changes in net assets available for benefits for the year then ended, and the supplemental schedules of assets held for investment purposes as of December 31, 2016 and 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform any auditing procedures with respect to the information summarized in Note 5, which was certified by Merrill Lynch, Pierce, Fenner & Smith Inc, the custodian of the Plan in accordance with DOL Regulation 2520.103-5, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2016, and 2015 that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedules of assets held for investment and the summary annual report, are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedules referred to above.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Sun & Associates CPA

Hayward, California
July 31, 2017

SANHYD INC. 401-(K) PROFIT SHARING PLAN & TRUST

STATEMENTS OF NET ASSETS AVAILBLE FOR BENEFITS

December 31, 2016 and 2015

ASSETS

	2016	2015
Investments:		
Cash and cash equivalents	$ 129	$ 125
Mutual funds	887,028	943,390
Loans receivable	13,868	22,847
Total assets	901,025	966,362
Net assets available for benefits at fair value	$ 901,025	$ 966,362

See Accompanying Notes to Financial Statements

SANHYD INC. 401-(K) PROFIT SHARING PLAN & TRUST

STATEMENTS OF CHANGES IN NET ASSETS AVAILBLE FOR BENEFITS

Years Ended December 31, 2016 and 2015

ADDITIONS TO NET ASSETS

Additions to net assets attributed to:

	2016	2015
Investment income:		
Interest	$ 720	$ 333
Dividends	40,371	89,048
Investment (loss)	(2,826)	(105,599)
Contributions:		
Participants	65,751	83,240
Total additions	104,016	67,022

DEDUCTIONS FROM NET ASSETS

Deductions from net assets attributed to:

Benefits paid to participants	126,300	9,980
Corrective distribution	42,913	47,530
Other expenses	140	65
Total deductions	169,353	57,575
Net increase (decrease)	(65,337)	9,447

NET ASSETS AVAILABLE FOR BENEFITS

Beginning of year	966,362	956,915
End of year	$ 901,025	$ 966,362

See Accompanying Notes to Financial Statements

SANHYD INC. 401-(K) PROFIT SHARING PLAN & TRUST

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2016 and 2015

NOTE 1 – DESCRIPTION OF PLAN

The following description of the Sanhyd Inc. ("the Company") 401-(K) Profit Sharing Plan and Trust ("the Plan") is provided for general information purposes only. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General: The plan is a defined as a contribution retirement plan of profit-sharing type containing a cash or deferred arrangement described in Internal Revenue Code Section 401(k). All employees of the Company who are 21 or over, excluding employees under collective bargaining agreements, employees who are employed by an affiliated employer which does not adopt this Plan, non-resident aliens, and leased employees, are eligible to participate in the Plan after providing three months of service and whose hours of service a year are 1,000 or more. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and certain provisions of the Internal Revenue Code.

The Plan assets are in trust held by Merrill Lynch, Pierce, Fenner & Smith Inc. The Plan offers a variety of core funds and allows participants to rollover amounts from other qualified plans or IRA's.

Plan administration: The plan is administered under a written plan and trust agreement, and the trustee of that agreement is responsible for trusteeing the Plan's assets. All matters other than investments that concern the operation of the Plan are the responsibility of the Administrator. The Administrator is Sanhyd Inc. The Administrator has the power and authority to interpret the terms of the Plan based on the Plan document and existing laws and regulations, as well as the power to determine all questions that arise under the Plan. Such power and authority include, for example, the administrative discretion necessary to resolve issues with respect to an employee's eligibility for benefits, credited service, disability and retirement, or to interpret any other term contained in the Plan and related documents. The Plan Administrator's interpretations and determinations are binding on all Participants, employees, former employees and their beneficiaries.

Participant contributions: Participation in the Plan is voluntary. Participant's deferral percentage is subject to the maximum annual limit determined by the Internal Revenue Service. The maximum annual amount that can be contributed to a 401(k) arrangement as an elective deferral, that is, as a pre-tax contribution, is $18,000 each year for 2016 and 2015. For fiscal years beginning after December 31, 2001, individuals age 50 or over by the end of the plan year are allowed to make additional contributions to a 401(k) plan, in excess of the standard limits. Such additional contributions will be limited to the lesser of a specified dollar amount ($6,000 each year in 2016 and 2015) or the participant's compensation for the year reduced by the participant's other elective deferrals. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans.

NOTE 1 – DESCRIPTION OF PLAN (Continued)

Participant contributions: (Continued)

Participants direct the investment of their contributions into various investment options offered by the Plan.

Employer contributions: The Company currently makes no matching contributions. The Company does have the option to make such matching contributions in the future at its own discretion.

Participant Account: Each participant's account is credited with the participant's contributions and allocations of Plan earnings or losses, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Participant loans: Under the terms of the Plan, participants may borrow from their account. Participants are allowed to have one loan outstanding at a time. Loans must be repaid to the Plan through salary deductions over a period not to exceed five years or up to fifteen years for the purchase of primary residence. All loans become immediately payable in the event of default or termination of employment. In the event loan payments are not received when they are due, the Plan administrator may declare the loan in default.

Vesting: Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts, if any, plus actual earnings thereon is based on years of continuous service. A participant is 100% vested after 5 years of participation in the Plan.

Payment of Benefits: On termination of service due to death, disability or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments over a ten-year period. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements of the Plan are prepared on the accrual basis of accounting in accordance with ERISA.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 net assets and liabilities, changes therein, disclosure of contingent assets and liabilities and changes in net assets available for benefits. Accordingly, actual results could differ from those estimates.

Investment Valuation and Income Recognition

FASB ASC 820,157, *Fair Value Measurements*, establishes a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1	Quoted prices for identical assets or liabilities in active markets to which the plan has access at the measurement date.
Level 2	Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: - Quoted prices for similar assets or liabilities; - Quoted prices for identical or similar assets in markets that are not active; - Observable Inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and - Inputs derived principally from or corroborated by, observable market data by correlation or by other means.
Level 3	Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the plan measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. The plan's investments are stated at estimated fair value based on quoted market prices at year end.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Valuation and Income Recognition (Continued)

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivables

In accordance with FASB ASC 962 participant loans are classified as notes receivables and recorded at their unpaid principle balance plus any accrued but unpaid interest receivable. Notes receivable due from participants totaled $13,868 at December 31, 2016 and $22,847 at December 31, 2015.

NOTE 3 - INVESTMENTS

The following investments represent 5 percent or more of the Plan's net assets at December 31, 2016:

• Mutual Funds - MFS Total Return	$ 46,770
• Mutual Funds - Blackrock Capital	220,902
• Mutual Funds - Blackrock Value	100,106
• Mutual Funds - Blackrock Global	381,354

The following investments represent 5 percent or more of the Plan's net assets at December 31, 2015:

• Mutual Funds - Blackrock Large Cap Value	$ 45,984
• Mutual Funds - Blackrock Capital	233,521
• Mutual Funds - Blackrock Value	79,895
• Mutual Funds - Blackrock Global	391,764
• Mutual Funds - JP Morgan Dynamic Small	81,493

NOTE 4 – SIGNIFICANT CONCENTRATION OF CREDIT RISK

The Plan's investments are held in a trust fund administered by Merrill Lynch, Pierce, Fenner & Smith Inc.

The Plan provides for various investment options in any one of a combination of mutual funds that invest in stocks, bonds, fixed income securities and other investment securities. These investments are exposed to various risks, such as credit, interest rate, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participant's account balances and the amounts reported in the statement of net assets available for benefits.

NOTE 5—CERTIFICATION OF ASSETS

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulation for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA). The Plan administrator has obtained investment information from Merrill Lynch, Pierce, Fenner & Smith Inc., the asset custodian of the Plan, as of December 31, 2016 and 2015; and the independent auditor has performed limited audit procedures to make sure all investment information in the accompanying financial statements and supplemental schedule are complete and accurate.

A summary of investment valuation for the years ended December 31, 2016 and 2015 is as follows:

Investments, at fair market value:

	2016	2015
Cash and Money Market Funds	$ 129	$ 125
Mutual Funds	887,028	943,390
Total	$ 887,157	$ 943,515

NOTE 6—INCOME TAX STATUS

The Plan obtained its determination letter in year 2004 at the time when the Plan was initially set up, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code.

The Plan has been amended since receiving the determination letter. However, the Plan administrator believes the Plan is currently designed and is currently being operated in compliance with the applicable requirements of the IRC and ERISA, and that the trust, which forms a part of the Plan, is exempt from income tax. Accordingly, no provision has been made for federal or state income taxes.

The Plan recognizes the financial statement benefit of an uncertain tax position only after considering the probability that a tax authority would sustain the position in an examination. For tax position meeting a "more-likely-than-not" threshold, the amount recognized in the financial statements is the benefit expected to be realized upon settlement with the tax authority. For tax positions not meeting the threshold, no financial statement benefit is recognized. As of December 31, 2016, the Plan has had no uncertain tax position. The Plan recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense. Annual returns for the years prior to 2013 are no longer subject to examination by tax authorities.

NOTE 7 – COSTS OF ADMINISTRATION

The Plan spent $140 on administrative costs in 2016 and $65 in 2015. Both amounts are well below the audit materiality threshold.

NOTE 8—PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contribution at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participant will become 100% vested in their accounts. Any unallocated assets of the Plan shall be allocated to participant accounts and distributed in such a manner as the Company may determine.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 31, 2017 the date which financial statements were available for issue.

SANHYD INC. 401 (K) PROFIT SHARING PLAN & TRUST

FINANCIAL STATEMENTS

Years Ended December 31, 2016 and 2015

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Independent Auditor's Report

To the Trustee of Sanhyd Inc. 401(k) Profit Sharing Plan & Trust:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Sanhyd Inc. 401(k) Plan, which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statements of changes in net assets available for benefits for the year then ended, and the supplemental schedules of assets held for investment purposes as of December 31, 2016 and 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform any auditing procedures with respect to the information summarized in Note 5, which was certified by Merrill Lynch, Pierce, Fenner & Smith Inc, the custodian of the Plan in accordance with DOL Regulation 2520.103-5, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2016, and 2015 that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedules of assets held for investment and the summary annual report, are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedules referred to above.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Sun & Associates CPA

Hayward, California
July 31, 2017

SANHYD INC. 401-(K) PROFIT SHARING PLAN & TRUST

STATEMENTS OF NET ASSETS AVAILBLE FOR BENEFITS

December 31, 2016 and 2015

ASSETS

	2016	2015
Investments:		
Cash and cash equivalents	$ 129	$ 125
Mutual funds	887,028	943,390
Loans receivable	13,868	22,847
Total assets	901,025	966,362
Net assets available for benefits at fair value	$ 901,025	$ 966,362

See Accompanying Notes to Financial Statements

SANHYD INC. 401-(K) PROFIT SHARING PLAN & TRUST

STATEMENTS OF CHANGES IN NET ASSETS AVAILBLE FOR BENEFITS

Years Ended December 31, 2016 and 2015

ADDITIONS TO NET ASSETS

Additions to net assets attributed to:

	2016	2015
Investment income:		
Interest	$ 720	$ 333
Dividends	40,371	89,048
Investment (loss)	(2,826)	(105,599)
Contributions:		
Participants	65,751	83,240
Total additions	104,016	67,022

DEDUCTIONS FROM NET ASSETS

Deductions from net assets attributed to:

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Corrective distribution	42,913	47,530
Other expenses	140	65
Total deductions	169,353	57,575
Net increase (decrease)	(65,337)	9,447

NET ASSETS AVAILABLE FOR BENEFITS

Beginning of year	966,362	956,915
End of year	$ 901,025	$ 966,362

See Accompanying Notes to Financial Statements

SANHYD INC. 401-(K) PROFIT SHARING PLAN & TRUST

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2016 and 2015

NOTE 1 – DESCRIPTION OF PLAN

The following description of the Sanhyd Inc. ("the Company") 401-(K) Profit Sharing Plan and Trust ("the Plan") is provided for general information purposes only. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General: The plan is a defined as a contribution retirement plan of profit-sharing type containing a cash or deferred arrangement described in Internal Revenue Code Section 401(k). All employees of the Company who are 21 or over, excluding employees under collective bargaining agreements, employees who are employed by an affiliated employer which does not adopt this Plan, non-resident aliens, and leased employees, are eligible to participate in the Plan after providing three months of service and whose hours of service a year are 1,000 or more. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and certain provisions of the Internal Revenue Code.

The Plan assets are in trust held by Merrill Lynch, Pierce, Fenner & Smith Inc. The Plan offers a variety of core funds and allows participants to rollover amounts from other qualified plans or IRA's.

Plan administration: The plan is administered under a written plan and trust agreement, and the trustee of that agreement is responsible for trusteeing the Plan's assets. All matters other than investments that concern the operation of the Plan are the responsibility of the Administrator. The Administrator is Sanhyd Inc. The Administrator has the power and authority to interpret the terms of the Plan based on the Plan document and existing laws and regulations, as well as the power to determine all questions that arise under the Plan. Such power and authority include, for example, the administrative discretion necessary to resolve issues with respect to an employee's eligibility for benefits, credited service, disability and retirement, or to interpret any other term contained in the Plan and related documents. The Plan Administrator's interpretations and determinations are binding on all Participants, employees, former employees and their beneficiaries.

Participant contributions: Participation in the Plan is voluntary. Participant's deferral percentage is subject to the maximum annual limit determined by the Internal Revenue Service. The maximum annual amount that can be contributed to a 401(k) arrangement as an elective deferral, that is, as a pre-tax contribution, is $18,000 each year for 2016 and 2015. For fiscal years beginning after December 31, 2001, individuals age 50 or over by the end of the plan year are allowed to make additional contributions to a 401(k) plan, in excess of the standard limits. Such additional contributions will be limited to the lesser of a specified dollar amount ($6,000 each year in 2016 and 2015) or the participant's compensation for the year reduced by the participant's other elective deferrals. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans.

NOTE 1 – DESCRIPTION OF PLAN (Continued)

Participant contributions: (Continued)

Participants direct the investment of their contributions into various investment options offered by the Plan.

Employer contributions: The Company currently makes no matching contributions. The Company does have the option to make such matching contributions in the future at its own discretion.

Participant Account: Each participant's account is credited with the participant's contributions and allocations of Plan earnings or losses, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Participant loans: Under the terms of the Plan, participants may borrow from their account. Participants are allowed to have one loan outstanding at a time. Loans must be repaid to the Plan through salary deductions over a period not to exceed five years or up to fifteen years for the purchase of primary residence. All loans become immediately payable in the event of default or termination of employment. In the event loan payments are not received when they are due, the Plan administrator may declare the loan in default.

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Payment of Benefits: On termination of service due to death, disability or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments over a ten-year period. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements of the Plan are prepared on the accrual basis of accounting in accordance with ERISA.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 net assets and liabilities, changes therein, disclosure of contingent assets and liabilities and changes in net assets available for benefits. Accordingly, actual results could differ from those estimates.

Investment Valuation and Income Recognition

FASB ASC 820,157, *Fair Value Measurements*, establishes a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1	Quoted prices for identical assets or liabilities in active markets to which the plan has access at the measurement date.
Level 2	Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: - Quoted prices for similar assets or liabilities; - Quoted prices for identical or similar assets in markets that are not active; - Observable Inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and - Inputs derived principally from or corroborated by, observable market data by correlation or by other means.
Level 3	Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the plan measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. The plan's investments are stated at estimated fair value based on quoted market prices at year end.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Valuation and Income Recognition (Continued)

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivables

In accordance with FASB ASC 962 participant loans are classified as notes receivables and recorded at their unpaid principle balance plus any accrued but unpaid interest receivable. Notes receivable due from participants totaled $13,868 at December 31, 2016 and $22,847 at December 31, 2015.

NOTE 3 - INVESTMENTS

The following investments represent 5 percent or more of the Plan's net assets at December 31, 2016:

• Mutual Funds - MFS Total Return	$ 46,770
• Mutual Funds - Blackrock Capital	220,902
• Mutual Funds - Blackrock Value	100,106
• Mutual Funds - Blackrock Global	381,354

The following investments represent 5 percent or more of the Plan's net assets at December 31, 2015:

• Mutual Funds - Blackrock Large Cap Value	$ 45,984
• Mutual Funds - Blackrock Capital	233,521
• Mutual Funds - Blackrock Value	79,895
• Mutual Funds - Blackrock Global	391,764
• Mutual Funds - JP Morgan Dynamic Small	81,493

NOTE 4 – SIGNIFICANT CONCENTRATION OF CREDIT RISK

The Plan's investments are held in a trust fund administered by Merrill Lynch, Pierce, Fenner & Smith Inc.

The Plan provides for various investment options in any one of a combination of mutual funds that invest in stocks, bonds, fixed income securities and other investment securities. These investments are exposed to various risks, such as credit, interest rate, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participant's account balances and the amounts reported in the statement of net assets available for benefits.

NOTE 5—CERTIFICATION OF ASSETS

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulation for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA). The Plan administrator has obtained investment information from Merrill Lynch, Pierce, Fenner & Smith Inc., the asset custodian of the Plan, as of December 31, 2016 and 2015; and the independent auditor has performed limited audit procedures to make sure all investment information in the accompanying financial statements and supplemental schedule are complete and accurate.

A summary of investment valuation for the years ended December 31, 2016 and 2015 is as follows:

Investments, at fair market value:

	2016	2015
Cash and Money Market Funds	$ 129	$ 125
Mutual Funds	887,028	943,390
Total	$ 887,157	$ 943,515

NOTE 6—INCOME TAX STATUS

The Plan obtained its determination letter in year 2004 at the time when the Plan was initially set up, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code.

The Plan has been amended since receiving the determination letter. However, the Plan administrator believes the Plan is currently designed and is currently being operated in compliance with the applicable requirements of the IRC and ERISA, and that the trust, which forms a part of the Plan, is exempt from income tax. Accordingly, no provision has been made for federal or state income taxes.

The Plan recognizes the financial statement benefit of an uncertain tax position only after considering the probability that a tax authority would sustain the position in an examination. For tax position meeting a "more-likely-than-not" threshold, the amount recognized in the financial statements is the benefit expected to be realized upon settlement with the tax authority. For tax positions not meeting the threshold, no financial statement benefit is recognized. As of December 31, 2016, the Plan has had no uncertain tax position. The Plan recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense. Annual returns for the years prior to 2013 are no longer subject to examination by tax authorities.

NOTE 7 – COSTS OF ADMINISTRATION

The Plan spent $140 on administrative costs in 2016 and $65 in 2015. Both amounts are well below the audit materiality threshold.

NOTE 8—PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contribution at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participant will become 100% vested in their accounts. Any unallocated assets of the Plan shall be allocated to participant accounts and distributed in such a manner as the Company may determine.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 31, 2017 the date which financial statements were available for issue.