

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
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Part I	Annual Report Identification Information		
For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>			
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.)	
	☒ a single-employer plan	☐ a DFE (specify) ____	
B This return/report is:	☐ the first return/report	☒ the final return/report	
	☐ an amended return/report	☐ a short plan year return/report (less than 12 months)	
C If the plan is a collectively-bargained plan, check here.	☐		
D Check box if filing under:	☒ Form 5558	☐ automatic extension	☐ the DFVC program
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a Name of plan	<u>B H ELECTRONICS, INC. 401(K) AND PROFIT SHARING PLAN</u>		1b Three-digit plan number (PN) ► <u>002</u>
			1c Effective date of plan <u>01/01/2010</u>
2a Plan sponsor's name (employer, if for a single-employer plan)	<u>B H ELECTRONICS, INC.</u> <u>1000 MCLAUGHLIN DRIVE</u> <u>MUNFORD, TN 38058</u>		2b Employer Identification Number (EIN) <u>62-1473261</u>
Mailing address (include room, apt., suite no. and street, or P.O. Box)			2c Plan Sponsor's telephone number <u>901-837-1111</u>
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)			2d Business code (see instructions) <u>423600</u>

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	<u>Filed with authorized/valid electronic signature.</u>	<u>10/09/2017</u>	<u>MICHAEL MCMASTERS</u>
	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

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2016)
v. 160205

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
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: a Sponsor's name	4b EIN 4c PN
5 Total number of participants at the beginning of the plan year	5 244
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year..... a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	6a(1) 240 6a(2) 0 6b 0 6c 0 6d 0 6e 0 6f 0 6g 0 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 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) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (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) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

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

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

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

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

11c Enter the Receipt Confirmation Code for the 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 _____

<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	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 B H ELECTRONICS, INC. 401(K) AND PROFIT SHARING PLAN		B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 B H ELECTRONICS, INC.		D Employer Identification Number (EIN) 62-1473261

Part I	Service Provider Information (see instructions)
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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
PIMCO FUNDS
95-2632339
(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
GOLDMAN SACHS
13-5108880
(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
THORNBURG
85-0301299
(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
JANUS
43-1804048

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

LORD ABBETT

13-5620131

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

MFS

04-2747644

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

OAKMARK

04-3276558

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

INVESCO AMERICAN FRANCHISE FUND

58-2287224

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

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

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

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

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)

WELLS FARGO BANK, N.A.

94-1347393

(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?
15 49 50 60 62 63	SERVICE PROVIDER	1879	Yes ☒ No ☐	Yes ☒ No ☐	0	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:	BRUNDIGE, PAYNE & COMPANY	b EIN:	62-1174696
c Position:	AUDITOR		
d Address:	700 COLONIAL ROAD SUITE 220 PO BOX 241805 MEMPHIS, TN 38124	e Telephone:	901-683-4234

Explanation: NEW AUDITOR IS HENDERSON HUTCHERSON AND MCCULLOGH, LLC

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 D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2016</div> This Form is Open to Public Inspection.
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan <u>B H ELECTRONICS, INC. 401(K) AND PROFIT SHARING PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>B H ELECTRONICS, INC.</u>	D Employer Identification Number (EIN) <u>62-1473261</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: <u>STABLE RETURN FUND N60</u>		
b Name of sponsor of entity listed in (a): <u>WELLS FARGO BANK, N.A.</u>		
c EIN-PN <u>52-2251407-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>ENHANCED STOCK MARKET N</u>		
b Name of sponsor of entity listed in (a): <u>WELLS FARGO BANK, N.A.</u>		
c EIN-PN <u>56-6288528-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Internal Revenue Service</small> <hr/> <small>Department of Labor</small> <small>Employee Benefits Security Administration</small> <hr/> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2016 This Form is Open to Public Inspection
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For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>		
A Name of plan <u>B H ELECTRONICS, INC. 401(K) AND PROFIT SHARING PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>B H ELECTRONICS, INC.</u>	D Employer Identification Number (EIN) <u>62-1473261</u>	

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

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)	41863	
(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)	889049	
(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)	
(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	930912 0
Liabilities			
g	Benefit claims payable	1g	
h	Operating payables	1h	
i	Acquisition indebtedness	1i	
j	Other liabilities	1j	
k	Total liabilities (add all amounts in lines 1g through 1j)	1k	0 0
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	930912 0

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.

		(a) Amount	(b) Total
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A)	
	(B) Participants	2a(1)(B)	48649
	(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)	48649
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	
	(B) U.S. Government securities	2b(1)(B)	
	(C) Corporate debt instruments	2b(1)(C)	
	(D) Loans (other than to participants)	2b(1)(D)	
	(E) Participant loans	2b(1)(E)	
	(F) Other	2b(1)(F)	
	(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)	0
(2)	Dividends: (A) Preferred stock	2b(2)(A)	
	(B) Common stock	2b(2)(B)	
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	13250
	(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)	13250
(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)		1581
(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)		39650
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		103130

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	18946	
(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)		18946
f Corrective distributions (see instructions)	2f		14790
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)	4520	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		4520
j Total expenses. Add all expense amounts in column (b) and enter total	2j		38256

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		64874
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		995786

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) ☒ 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 ☐ No

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

(1) Name: **HENDERSON HUTCHERSON AND MCCULLOUGH**

(2) EIN: **62-1114363**

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:

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.).....

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.)

	Yes	No	Amount
4a		X	
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		100000
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	X		
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: 0

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)
PATRICK INDUSTRIES, INC. 401(K) EMPLOYEE SAVINGS PLAN	35-1057796	001

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

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 sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2016 This Form is Open to Public Inspection.
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan <u>B H ELECTRONICS, INC. 401(K) AND PROFIT SHARING PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>B H ELECTRONICS, INC.</u>	D Employer Identification Number (EIN) <u>62-1473261</u>

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

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions	1	<u>0</u>
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): <u>41-6257133</u>		
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 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
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2016
v. 160205

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
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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
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20a Is the plan a 401(k) plan? If "No," skip b	☐ Yes ☐ No
20b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Prior year" ADP test ☐ "Current year" ADP test ☐ N/A
21a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test ☐ Average benefit test ☐ N/A
21b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes ☐ No
22a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter / / and the serial number	
22b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter / / .	

**BH ELECTRONICS, INC. 401(K)
& PROFIT SHARING PLAN**

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015



CERTIFIED PUBLIC ACCOUNTANTS

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

INDEX TO REPORT

DECEMBER 31, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

To the Trustees and Participants
BH Electronics, Inc. 401(k) & Profit Sharing Plan
Munford, Tennessee

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of BH Electronics, Inc. 401(k) & Profit Sharing Plan (Plan), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, the statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility 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 conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described 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 3, which was certified by Wells Fargo Bank, N.A., the custodian of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the custodian as of and for the year ended December 31, 2016, that the information provided to the plan administrator by the custodian is complete and accurate.

Disclaimer Of Opinion

Because of the significance of the matter described in the Basis for Disclaimer 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 – Supplementary Schedule

The supplementary schedule of assets held at end of year as of December 31, 2016, is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is 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 supplementary schedule 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 supplementary schedule, other than that derived from the information certified by the custodian, 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.

Prior Period Financial Statements

The statement of net assets available for benefits as of December 31, 2015, was audited by Brundige & Payne, PC, who merged with Henderson, Hutcherson & McCullough, PLLC, as of August 1, 2017. Their report dated September 30, 2016, did not express an opinion due to the matter described in the basis for disclaimer of opinion paragraph.

Memphis, Tennessee
September 29, 2017

*Henderson Hutcherson
& McCullough, PLLC*

BH ELECTRONICS INC, 401(K) & PROFIT SHARING PLAN

STATEMENTS OF NET ASSETS FOR BENEFITS

DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Investments, at fair value:		
Mutual funds	\$ 955,808	\$ 889,049
Collective trust funds	<u>39,978</u>	<u>41,863</u>
Total assets	<u>995,786</u>	<u>930,912</u>
LIABILITIES		
Payable to rollover plan	990,629	-
Accrued liability for excess contributions payable	<u>5,157</u>	<u>14,790</u>
Total liabilities	<u>995,786</u>	<u>14,790</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ -</u>	<u>\$ 916,122</u>

BH ELECTRONICS INC, 401(K) & PROFIT SHARING PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 2016

ADDITIONS

Investment income:

Net appreciation in fair value of investments	\$ 41,231
Interest and dividends	<u>13,071</u>

54,302

Contributions:

Participants	<u>43,671</u>
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Total additions	97,973
-----------------	--------

DEDUCTIONS

Benefits paid to participants	18,946
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Administrative expense	<u>4,520</u>
------------------------	--------------

Total deductions	<u>23,466</u>
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NET CHANGE	74,507
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TRANSFER OF PLAN ASSETS DUE TO MERGER	(990,629)
--	-----------

NET ASSETS AVAILABLE FOR BENEFITS - beginning of year	<u>916,122</u>
--	----------------

NET ASSETS AVAILABLE FOR BENEFITS - end of year	<u><u>\$ -</u></u>
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BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 1 – DESCRIPTION OF PLAN

The following description of the BH Electronics, Inc. 401(k) & Profit Sharing Plan (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Merger

On December 1, 2016, the Board of Directors of BH Electronics, Inc. approved the merger of this plan into the Patrick Industries, Inc. 401(k) Employee Savings Plan ("Savings Plan"), effective December 1, 2016. As a result, all investments were transferred from the Plan into the Savings Plan on April 3, 2017.

General

The Plan is a salary deferral plan covering substantially all employees of BH Electronics, Inc. Employees are eligible to participate when they complete 90 days of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Participants may elect to defer up to the maximum percentage allowable not to exceed the dollar amount set by law. Participants who have obtained the age of 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified plans. Additionally, the Employer may make a discretionary profit sharing contribution.

Upon enrollment in the Plan, a participant may direct employee contributions in any of the available investment options. The participant's choices are invested in mutual funds and collective trust funds with Wells Fargo.

Participant Accounts

Each participant's account is credited with the amount of their deferred salary, rollovers from other qualified plans, and an allocation of the Employer's discretionary profit sharing contribution in the ratio that each eligible participant's compensations bears to the eligible compensation of all participants. The net investment income or losses of the Plan are allocated based upon the actual earnings for each participant's individual account. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(Continued)

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Vesting

Upon their effective date of participation, participants are 100% vested in their salary deferral contributions plus the earnings thereon. Participants are vested in the employer profit sharing contributions based on a cliff vesting schedule, becoming 100% vested after year three. The following schedule applies to employer profit sharing contributions:

Completed Years of Services	Percent vested
Less than 3	0%
3 years	100%

Forfeited Accounts

At December 31, 2016, there were no forfeited nonvested amounts and at December 31, 2015, forfeited nonvested amounts totaled \$4,273. Nonvested forfeiture accounts may first be used to pay any plan administrative expense and then may reduce future employer contributions. During the year ended December 31, 2016, plan administrative expenses of \$4,273 were paid from forfeited non-vested amounts.

Payment of Benefits

Participants are eligible to receive a distribution of benefits upon death, disability, termination of employment, or in the event of certain hardships as defined under the plan. Participants, or their beneficiaries, entitled to receive a distribution of benefits shall be paid in a lump-sum payment.

Excess Contributions Payable

Excess contributions payable represent amounts withheld from participants in excess of IRC limitations that are to be refunded. As of December 31, 2016 and 2015, \$5,157 and \$14,790, respectively, of excess contributions and earnings thereon are required to be refunded in the subsequent year. These amounts were refunded to participants prior to March 15 of the year following the plan year-end. Excess contributions and earnings are netted against contributions and interest income in the statement of changes in net assets available for benefits.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Use of Estimates

The Plan's financial statements are presented on the accrual method of accounting based on accounting principles generally accepted in the United States of America, which requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

(Continued)

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Valuation

The Plan's investments in mutual funds and collective trust funds are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion of fair value measurements.

Net appreciation or depreciation of investments included in the accompanying statement of changes in net assets available for benefits includes realized gains or losses from the sale of investments and unrealized appreciation or depreciation in fair value of investments. Net unrealized appreciation or depreciation in the fair value of investments represents the net change in the fair value of the investments held during the year. The net realized gains or losses on the sale of investments represent the difference between the sale proceeds and the fair value of the investment as of the beginning of the year or the cost of the investment if purchased during the year.

Purchase 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.

Payment of Benefits

Benefits are recorded when paid.

Expenses

Certain expenses of the Plan are paid directly by the Company and are excluded from these financial statements. Fees paid to the third party administrator are charged to nonvested forfeiture accounts and are included in administrative expenses. Investment related expenses are included in net appreciation of fair value of investments.

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 3 – INFORMATION PREPARED AND CERTIFIED BY CUSTODIAN (UNAUDITED)

The following information included in the accompanying financial statements and supplementary schedule was obtained from data that has been prepared and certified to as complete and accurate by the custodian:

	2016	2015
Investments at fair value:		
Mutual funds	\$ 955,808	\$ 889,049
Collective trust funds	39,978	41,863
Total	<u>\$ 995,786</u>	<u>\$ 930,912</u>
Investment income:		
Net appreciation in		
fair value of investments	\$ 41,231	
Interest and dividends	\$ 13,071	

The Plan invests in various investments securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonable possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

NOTE 4 - FAIR VALUE MEASUREMENTS

The Plan, in accordance with generally accepted accounting principles, classifies its investments into three broad levels: Level 1 which refers to securities for which prices can be easily quoted in an active market for identical assets, Level 2 which refers to securities not traded on an active market but for which observable market inputs are readily available or Level 1 securities where there is a contractual restriction, and Level 3 which refers to securities not traded in an active market and for which no significant observable market inputs are available.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015:

Mutual Funds - valued at the daily closing price as reported by the fund. Mutual funds held by the plan are open-end mutual funds that are registered with the security and exchange commission. These funds are required to publish the daily net asset value (NAV) and to transact at that price.

Collective trust funds - valued at the NAV of units of a bank collective trust. The NAV, as provided by the custodian, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

(Continued)

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although plan management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

At December 31, 2016, the Plan's assets at fair value were classified as follows:

	Total	(Level 1)
Mutual funds	\$ 955,808	\$ 955,808
Investments measured at net asset value*	<u>39,978</u>	-
Total assets at fair value	<u>\$ 995,786</u>	

At December 31, 2015, the Plan's assets at fair value were classified as follows:

	Total	(Level 1)
Mutual funds	\$ 889,049	\$ 889,049
Investments measured at net value*	<u>41,863</u>	-
Total assets at fair value	<u>\$ 930,912</u>	

*In accordance with generally accepted accounting principles, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

(Continued)

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following tables summarize investments measured at fair value based on net asset value per share as of December 31, 2016 and 2015:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
December 31, 2016				
Collective Trust Funds	\$ 39,978	N/A	Daily	30 Days
December 31, 2015				
Collective Trust Funds	\$ 41,863	N/A	Daily	30 Days

NOTE 5 – PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are units of collective trust funds and mutual funds managed by Wells Fargo. Wells Fargo is the custodian as defined by the Plan and, therefore, these transactions qualify as party-in-interest. Fees paid to Wells Fargo by the Plan for investment management amounted to \$4,520 for the year ended December 31, 2016. Additional investment fees paid to the custodian are netted against investment returns.

NOTE 6 - TAX STATUS AND UNCERTAIN TAX POSITIONS

The Plan has adopted a volume submitter form of a prototype plan sponsored by Wells Fargo Bank. The volume submitter plan received an opinion letter from the Internal Revenue Service dated March 31, 2014 as to the volume submitter plan's qualified tax status stating that the volume submitter plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (IRC). The volume submitter plan opinion letter has been relied upon by this Plan.

The Plan is required to operate in conformity with the IRC to maintain its qualification. The Plan administrator believes that the Plan is designed and is being operated in compliance with the applicable requirements of the IRC. The plan administrator is not aware of any events that have occurred that might adversely affect the Plan's qualified status. Therefore, no provision for income taxes has been included in the Plan's financial statements.

The Plan follows the accounting guidance for uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Accounting Standards Codification (ASC) Topic 740, *Income Taxes*.

(Continued)

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 6 - TAX STATUS AND UNCERTAIN TAX POSITIONS (Continued)

The plan has concluded that there are no significant uncertain tax positions requiring disclosures, and there are no material amounts of unrecognized tax benefits. The Plan's evaluation was performed for tax years ended December 31, 2013 through December 31, 2016, the years that remain subject to examination by major tax jurisdictions as of December 31, 2016.

NOTE 7 – SUBSEQUENT EVENTS

The Plan administrator evaluated events and transactions subsequent to the statement of net assets available for benefits date through the date of the independent auditor's report (the date of the financial statements were available to be issued for potential recognition or disclosure in the financial statements. The Plan administrator has not identified any items requiring disclosure.

NOTE 8 – RECONCILIATION OF FINANCIAL STATEMENTS TO SCHEDULE H OF FORM 5500

The following is a reconciliation of net assets available for benefits as reflected in the accompanying financial statements as of December 31, 2015, to Schedule H of Form 5500:

Net assets available for benefits per the financial statements	\$ 916,122
Accrued liability for excess contributions payable	<u>14,790</u>
Net assets available for benefits per Schedule H of Form 5500	<u>\$ 930,912</u>

(Continued)

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 8 – RECONCILIATION OF FINANCIAL STATEMENTS TO SCHEDULE H OF FORM 5500
(Continued)

The following is a reconciliation of change in net assets as reflected in the accompanying statement of changes in net assets available for benefits for the year ended December 31, 2016, to Schedule H of Form 5500:

Change in net assets per the financial statements	\$ 74,507
Less: Excess contributions payable to highly compensated Participants at December 31, 2015	(14,790)
Add: Excess contributions payable to highly compensated Participants at December 31, 2016	<u>5,157</u>
Change in net assets per Schedule H of Form 5500	<u>\$ 64,874</u>

SUPPLEMENTARY SCHEDULE

BH ELECTRONICS INC, 401(K) & PROFIT SHARING PLAN

SCHEDULE H, LINE 4I - SCHEDULE OF ASSETS HELD AT END OF YEAR.
 PLAN EIN 62-1473261 PLAN NUMBER 002
 DECEMBER 31, 2016

(a)	(b) Identity or Issue Borrower, Lessor or Similar Party	(c) Description of Investment	(d) Cost	(e) Current Value
	Collective Trust Funds			
*	Wells Fargo	Enhanced Stock Market Fund	**	\$ 10,188
*	Wells Fargo	Stable Return Fund	**	29,790
				<u>39,978</u>
	Mutual Funds			
	Oakmark Funds	Equity and Income Fund (II)	**	71,914
*	Wells Fargo	Advantage DJ Target Today	**	14
*	Wells Fargo	Advantage DJ Target 2010	**	77,651
*	Wells Fargo	Advantage DJ Target 2020	**	239,894
*	Wells Fargo	Advantage DJ Target 2030	**	134,015
*	Wells Fargo	Advantage DJ Target 2040	**	142,795
*	Wells Fargo	Advantage DJ Target 2050	**	909
*	Wells Fargo	Advantage DJ Target 2060	**	102
	MFS	Value Fund R2	**	24,364
	Janus	Forty Fund Class S	**	84,903
	PIMCO	Total Return Fund Class A	**	66,206
	Perkins	Mid Cap Value Fund Class S	**	5,279
	Goldman Sachs	Growth Opportunities	**	45,280
	Invesco	Small Cap Value A	**	15
	Lord Abbett	Calibrated Dividend Growth A	**	26,045
	Lord Abbett	Small Cap Value A	**	2,006
	Thornburg	International Value (R3)	**	32,306
*	Wells Fargo	Emerging Markets Equity Fund	**	2,110
				<u>955,808</u>
				<u>\$ 995,786</u>

* An asterisk in this column identifies a person known to be a party-in-interest

**Historical cost information is not required by ERISA for participant directed investments

**BH ELECTRONICS, INC. 401(K)
& PROFIT SHARING PLAN**

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015



CERTIFIED PUBLIC ACCOUNTANTS

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

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DECEMBER 31, 2016 AND 2015

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CERTIFIED PUBLIC ACCOUNTANTS

MEMPHIS

INDEPENDENT AUDITOR'S REPORT

To the Trustees and Participants
BH Electronics, Inc. 401(k) & Profit Sharing Plan
Munford, Tennessee

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of BH Electronics, Inc. 401(k) & Profit Sharing Plan (Plan), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, the statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility 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 conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described 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 3, which was certified by Wells Fargo Bank, N.A., the custodian of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the custodian as of and for the year ended December 31, 2016, that the information provided to the plan administrator by the custodian is complete and accurate.

Disclaimer Of Opinion

Because of the significance of the matter described in the Basis for Disclaimer 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 – Supplementary Schedule

The supplementary schedule of assets held at end of year as of December 31, 2016, is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is 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 supplementary schedule 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 supplementary schedule, other than that derived from the information certified by the custodian, 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.

Prior Period Financial Statements

The statement of net assets available for benefits as of December 31, 2015, was audited by Brundige & Payne, PC, who merged with Henderson, Hutcherson & McCullough, PLLC, as of August 1, 2017. Their report dated September 30, 2016, did not express an opinion due to the matter described in the basis for disclaimer of opinion paragraph.

Memphis, Tennessee
September 29, 2017

*Henderson Hutcherson
& McCullough, PLLC*

BH ELECTRONICS INC, 401(K) & PROFIT SHARING PLAN

STATEMENTS OF NET ASSETS FOR BENEFITS

DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Investments, at fair value:		
Mutual funds	\$ 955,808	\$ 889,049
Collective trust funds	<u>39,978</u>	<u>41,863</u>
Total assets	<u>995,786</u>	<u>930,912</u>
LIABILITIES		
Payable to rollover plan	990,629	-
Accrued liability for excess contributions payable	<u>5,157</u>	<u>14,790</u>
Total liabilities	<u>995,786</u>	<u>14,790</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ -</u>	<u>\$ 916,122</u>

BH ELECTRONICS INC, 401(K) & PROFIT SHARING PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 2016

ADDITIONS

Investment income:

Net appreciation in fair value of investments	\$ 41,231
Interest and dividends	<u>13,071</u>

54,302

Contributions:

Participants	<u>43,671</u>
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Total additions	97,973
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DEDUCTIONS

Benefits paid to participants	18,946
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Administrative expense	<u>4,520</u>
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Total deductions	<u>23,466</u>
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NET CHANGE	74,507
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TRANSFER OF PLAN ASSETS DUE TO MERGER	(990,629)
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NET ASSETS AVAILABLE FOR BENEFITS - beginning of year	<u>916,122</u>
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NET ASSETS AVAILABLE FOR BENEFITS - end of year	<u><u>\$ -</u></u>
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BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 1 – DESCRIPTION OF PLAN

The following description of the BH Electronics, Inc. 401(k) & Profit Sharing Plan (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Merger

On December 1, 2016, the Board of Directors of BH Electronics, Inc. approved the merger of this plan into the Patrick Industries, Inc. 401(k) Employee Savings Plan ("Savings Plan"), effective December 1, 2016. As a result, all investments were transferred from the Plan into the Savings Plan on April 3, 2017.

General

The Plan is a salary deferral plan covering substantially all employees of BH Electronics, Inc. Employees are eligible to participate when they complete 90 days of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Participants may elect to defer up to the maximum percentage allowable not to exceed the dollar amount set by law. Participants who have obtained the age of 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified plans. Additionally, the Employer may make a discretionary profit sharing contribution.

Upon enrollment in the Plan, a participant may direct employee contributions in any of the available investment options. The participant's choices are invested in mutual funds and collective trust funds with Wells Fargo.

Participant Accounts

Each participant's account is credited with the amount of their deferred salary, rollovers from other qualified plans, and an allocation of the Employer's discretionary profit sharing contribution in the ratio that each eligible participant's compensations bears to the eligible compensation of all participants. The net investment income or losses of the Plan are allocated based upon the actual earnings for each participant's individual account. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(Continued)

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Vesting

Upon their effective date of participation, participants are 100% vested in their salary deferral contributions plus the earnings thereon. Participants are vested in the employer profit sharing contributions based on a cliff vesting schedule, becoming 100% vested after year three. The following schedule applies to employer profit sharing contributions:

Completed Years of Services	Percent vested
Less than 3	0%
3 years	100%

Forfeited Accounts

At December 31, 2016, there were no forfeited nonvested amounts and at December 31, 2015, forfeited nonvested amounts totaled \$4,273. Nonvested forfeiture accounts may first be used to pay any plan administrative expense and then may reduce future employer contributions. During the year ended December 31, 2016, plan administrative expenses of \$4,273 were paid from forfeited non-vested amounts.

Payment of Benefits

Participants are eligible to receive a distribution of benefits upon death, disability, termination of employment, or in the event of certain hardships as defined under the plan. Participants, or their beneficiaries, entitled to receive a distribution of benefits shall be paid in a lump-sum payment.

Excess Contributions Payable

Excess contributions payable represent amounts withheld from participants in excess of IRC limitations that are to be refunded. As of December 31, 2016 and 2015, \$5,157 and \$14,790, respectively, of excess contributions and earnings thereon are required to be refunded in the subsequent year. These amounts were refunded to participants prior to March 15 of the year following the plan year-end. Excess contributions and earnings are netted against contributions and interest income in the statement of changes in net assets available for benefits.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Use of Estimates

The Plan's financial statements are presented on the accrual method of accounting based on accounting principles generally accepted in the United States of America, which requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

(Continued)

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Valuation

The Plan's investments in mutual funds and collective trust funds are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion of fair value measurements.

Net appreciation or depreciation of investments included in the accompanying statement of changes in net assets available for benefits includes realized gains or losses from the sale of investments and unrealized appreciation or depreciation in fair value of investments. Net unrealized appreciation or depreciation in the fair value of investments represents the net change in the fair value of the investments held during the year. The net realized gains or losses on the sale of investments represent the difference between the sale proceeds and the fair value of the investment as of the beginning of the year or the cost of the investment if purchased during the year.

Purchase 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.

Payment of Benefits

Benefits are recorded when paid.

Expenses

Certain expenses of the Plan are paid directly by the Company and are excluded from these financial statements. Fees paid to the third party administrator are charged to nonvested forfeiture accounts and are included in administrative expenses. Investment related expenses are included in net appreciation of fair value of investments.

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 3 – INFORMATION PREPARED AND CERTIFIED BY CUSTODIAN (UNAUDITED)

The following information included in the accompanying financial statements and supplementary schedule was obtained from data that has been prepared and certified to as complete and accurate by the custodian:

	2016	2015
Investments at fair value:		
Mutual funds	\$ 955,808	\$ 889,049
Collective trust funds	39,978	41,863
Total	<u>\$ 995,786</u>	<u>\$ 930,912</u>
Investment income:		
Net appreciation in		
fair value of investments	\$ 41,231	
Interest and dividends	\$ 13,071	

The Plan invests in various investments securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonable possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

NOTE 4 - FAIR VALUE MEASUREMENTS

The Plan, in accordance with generally accepted accounting principles, classifies its investments into three broad levels: Level 1 which refers to securities for which prices can be easily quoted in an active market for identical assets, Level 2 which refers to securities not traded on an active market but for which observable market inputs are readily available or Level 1 securities where there is a contractual restriction, and Level 3 which refers to securities not traded in an active market and for which no significant observable market inputs are available.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015:

Mutual Funds - valued at the daily closing price as reported by the fund. Mutual funds held by the plan are open-end mutual funds that are registered with the security and exchange commission. These funds are required to publish the daily net asset value (NAV) and to transact at that price.

Collective trust funds - valued at the NAV of units of a bank collective trust. The NAV, as provided by the custodian, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

(Continued)

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although plan management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

At December 31, 2016, the Plan's assets at fair value were classified as follows:

	Total	(Level 1)
Mutual funds	\$ 955,808	\$ 955,808
Investments measured at net asset value*	<u>39,978</u>	-
Total assets at fair value	<u>\$ 995,786</u>	

At December 31, 2015, the Plan's assets at fair value were classified as follows:

	Total	(Level 1)
Mutual funds	\$ 889,049	\$ 889,049
Investments measured at net value*	<u>41,863</u>	-
Total assets at fair value	<u>\$ 930,912</u>	

*In accordance with generally accepted accounting principles, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

(Continued)

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following tables summarize investments measured at fair value based on net asset value per share as of December 31, 2016 and 2015:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
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Collective Trust Funds	\$ 39,978	N/A	Daily	30 Days
December 31, 2015				
Collective Trust Funds	\$ 41,863	N/A	Daily	30 Days

NOTE 5 – PARTY-IN-INTEREST TRANSACTIONS

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NOTE 6 - TAX STATUS AND UNCERTAIN TAX POSITIONS

The Plan has adopted a volume submitter form of a prototype plan sponsored by Wells Fargo Bank. The volume submitter plan received an opinion letter from the Internal Revenue Service dated March 31, 2014 as to the volume submitter plan's qualified tax status stating that the volume submitter plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (IRC). The volume submitter plan opinion letter has been relied upon by this Plan.

The Plan is required to operate in conformity with the IRC to maintain its qualification. The Plan administrator believes that the Plan is designed and is being operated in compliance with the applicable requirements of the IRC. The plan administrator is not aware of any events that have occurred that might adversely affect the Plan's qualified status. Therefore, no provision for income taxes has been included in the Plan's financial statements.

The Plan follows the accounting guidance for uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Accounting Standards Codification (ASC) Topic 740, *Income Taxes*.

(Continued)

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 6 - TAX STATUS AND UNCERTAIN TAX POSITIONS (Continued)

The plan has concluded that there are no significant uncertain tax positions requiring disclosures, and there are no material amounts of unrecognized tax benefits. The Plan's evaluation was performed for tax years ended December 31, 2013 through December 31, 2016, the years that remain subject to examination by major tax jurisdictions as of December 31, 2016.

NOTE 7 – SUBSEQUENT EVENTS

The Plan administrator evaluated events and transactions subsequent to the statement of net assets available for benefits date through the date of the independent auditor's report (the date of the financial statements were available to be issued for potential recognition or disclosure in the financial statements. The Plan administrator has not identified any items requiring disclosure.

NOTE 8 – RECONCILIATION OF FINANCIAL STATEMENTS TO SCHEDULE H OF FORM 5500

The following is a reconciliation of net assets available for benefits as reflected in the accompanying financial statements as of December 31, 2015, to Schedule H of Form 5500:

Net assets available for benefits per the financial statements	\$ 916,122
Accrued liability for excess contributions payable	<u>14,790</u>
Net assets available for benefits per Schedule H of Form 5500	<u>\$ 930,912</u>

(Continued)

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 8 – RECONCILIATION OF FINANCIAL STATEMENTS TO SCHEDULE H OF FORM 5500
(Continued)

The following is a reconciliation of change in net assets as reflected in the accompanying statement of changes in net assets available for benefits for the year ended December 31, 2016, to Schedule H of Form 5500:

Change in net assets per the financial statements	\$ 74,507
Less: Excess contributions payable to highly compensated Participants at December 31, 2015	(14,790)
Add: Excess contributions payable to highly compensated Participants at December 31, 2016	<u>5,157</u>
Change in net assets per Schedule H of Form 5500	<u>\$ 64,874</u>

SUPPLEMENTARY SCHEDULE

BH ELECTRONICS INC, 401(K) & PROFIT SHARING PLAN

SCHEDULE H, LINE 4I - SCHEDULE OF ASSETS HELD AT END OF YEAR.
 PLAN EIN 62-1473261 PLAN NUMBER 002
 DECEMBER 31, 2016

(a)	(b) Identity or Issue Borrower, Lessor or Similar Party	(c) Description of Investment	(d) Cost	(e) Current Value
	Collective Trust Funds			
*	Wells Fargo	Enhanced Stock Market Fund	**	\$ 10,188
*	Wells Fargo	Stable Return Fund	**	29,790
				<u>39,978</u>
	Mutual Funds			
	Oakmark Funds	Equity and Income Fund (II)	**	71,914
*	Wells Fargo	Advantage DJ Target Today	**	14
*	Wells Fargo	Advantage DJ Target 2010	**	77,651
*	Wells Fargo	Advantage DJ Target 2020	**	239,894
*	Wells Fargo	Advantage DJ Target 2030	**	134,015
*	Wells Fargo	Advantage DJ Target 2040	**	142,795
*	Wells Fargo	Advantage DJ Target 2050	**	909
*	Wells Fargo	Advantage DJ Target 2060	**	102
	MFS	Value Fund R2	**	24,364
	Janus	Forty Fund Class S	**	84,903
	PIMCO	Total Return Fund Class A	**	66,206
	Perkins	Mid Cap Value Fund Class S	**	5,279
	Goldman Sachs	Growth Opportunities	**	45,280
	Invesco	Small Cap Value A	**	15
	Lord Abbett	Calibrated Dividend Growth A	**	26,045
	Lord Abbett	Small Cap Value A	**	2,006
	Thornburg	International Value (R3)	**	32,306
*	Wells Fargo	Emerging Markets Equity Fund	**	2,110
				<u>955,808</u>
				<u>\$ 995,786</u>

* An asterisk in this column identifies a person known to be a party-in-interest

**Historical cost information is not required by ERISA for participant directed investments

**BH ELECTRONICS, INC. 401(K)
& PROFIT SHARING PLAN**

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015



CERTIFIED PUBLIC ACCOUNTANTS

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

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DECEMBER 31, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

To the Trustees and Participants
BH Electronics, Inc. 401(k) & Profit Sharing Plan
Munford, Tennessee

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of BH Electronics, Inc. 401(k) & Profit Sharing Plan (Plan), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, the statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility 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 conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described 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 3, which was certified by Wells Fargo Bank, N.A., the custodian of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the custodian as of and for the year ended December 31, 2016, that the information provided to the plan administrator by the custodian is complete and accurate.

Disclaimer Of Opinion

Because of the significance of the matter described in the Basis for Disclaimer 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 – Supplementary Schedule

The supplementary schedule of assets held at end of year as of December 31, 2016, is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is 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 supplementary schedule 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 supplementary schedule, other than that derived from the information certified by the custodian, 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.

Prior Period Financial Statements

The statement of net assets available for benefits as of December 31, 2015, was audited by Brundige & Payne, PC, who merged with Henderson, Hutcherson & McCullough, PLLC, as of August 1, 2017. Their report dated September 30, 2016, did not express an opinion due to the matter described in the basis for disclaimer of opinion paragraph.

Memphis, Tennessee
September 29, 2017

*Henderson Hutcherson
& McCullough, PLLC*

BH ELECTRONICS INC, 401(K) & PROFIT SHARING PLAN

STATEMENTS OF NET ASSETS FOR BENEFITS

DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Investments, at fair value:		
Mutual funds	\$ 955,808	\$ 889,049
Collective trust funds	<u>39,978</u>	<u>41,863</u>
Total assets	<u>995,786</u>	<u>930,912</u>
LIABILITIES		
Payable to rollover plan	990,629	-
Accrued liability for excess contributions payable	<u>5,157</u>	<u>14,790</u>
Total liabilities	<u>995,786</u>	<u>14,790</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ -</u>	<u>\$ 916,122</u>

BH ELECTRONICS INC, 401(K) & PROFIT SHARING PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 2016

ADDITIONS

Investment income:

Net appreciation in fair value of investments	\$ 41,231
Interest and dividends	<u>13,071</u>

54,302

Contributions:

Participants	<u>43,671</u>
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Total additions	97,973
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DEDUCTIONS

Benefits paid to participants	18,946
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Administrative expense	<u>4,520</u>
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Total deductions	<u>23,466</u>
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NET CHANGE	74,507
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TRANSFER OF PLAN ASSETS DUE TO MERGER	(990,629)
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NET ASSETS AVAILABLE FOR BENEFITS - beginning of year	<u>916,122</u>
--	----------------

NET ASSETS AVAILABLE FOR BENEFITS - end of year	<u><u>\$ -</u></u>
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BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 1 – DESCRIPTION OF PLAN

The following description of the BH Electronics, Inc. 401(k) & Profit Sharing Plan (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Merger

On December 1, 2016, the Board of Directors of BH Electronics, Inc. approved the merger of this plan into the Patrick Industries, Inc. 401(k) Employee Savings Plan ("Savings Plan"), effective December 1, 2016. As a result, all investments were transferred from the Plan into the Savings Plan on April 3, 2017.

General

The Plan is a salary deferral plan covering substantially all employees of BH Electronics, Inc. Employees are eligible to participate when they complete 90 days of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Participants may elect to defer up to the maximum percentage allowable not to exceed the dollar amount set by law. Participants who have obtained the age of 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified plans. Additionally, the Employer may make a discretionary profit sharing contribution.

Upon enrollment in the Plan, a participant may direct employee contributions in any of the available investment options. The participant's choices are invested in mutual funds and collective trust funds with Wells Fargo.

Participant Accounts

Each participant's account is credited with the amount of their deferred salary, rollovers from other qualified plans, and an allocation of the Employer's discretionary profit sharing contribution in the ratio that each eligible participant's compensations bears to the eligible compensation of all participants. The net investment income or losses of the Plan are allocated based upon the actual earnings for each participant's individual account. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(Continued)

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Vesting

Upon their effective date of participation, participants are 100% vested in their salary deferral contributions plus the earnings thereon. Participants are vested in the employer profit sharing contributions based on a cliff vesting schedule, becoming 100% vested after year three. The following schedule applies to employer profit sharing contributions:

Completed Years of Services	Percent vested
Less than 3	0%
3 years	100%

Forfeited Accounts

At December 31, 2016, there were no forfeited nonvested amounts and at December 31, 2015, forfeited nonvested amounts totaled \$4,273. Nonvested forfeiture accounts may first be used to pay any plan administrative expense and then may reduce future employer contributions. During the year ended December 31, 2016, plan administrative expenses of \$4,273 were paid from forfeited non-vested amounts.

Payment of Benefits

Participants are eligible to receive a distribution of benefits upon death, disability, termination of employment, or in the event of certain hardships as defined under the plan. Participants, or their beneficiaries, entitled to receive a distribution of benefits shall be paid in a lump-sum payment.

Excess Contributions Payable

Excess contributions payable represent amounts withheld from participants in excess of IRC limitations that are to be refunded. As of December 31, 2016 and 2015, \$5,157 and \$14,790, respectively, of excess contributions and earnings thereon are required to be refunded in the subsequent year. These amounts were refunded to participants prior to March 15 of the year following the plan year-end. Excess contributions and earnings are netted against contributions and interest income in the statement of changes in net assets available for benefits.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Use of Estimates

The Plan's financial statements are presented on the accrual method of accounting based on accounting principles generally accepted in the United States of America, which requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

(Continued)

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Valuation

The Plan's investments in mutual funds and collective trust funds are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion of fair value measurements.

Net appreciation or depreciation of investments included in the accompanying statement of changes in net assets available for benefits includes realized gains or losses from the sale of investments and unrealized appreciation or depreciation in fair value of investments. Net unrealized appreciation or depreciation in the fair value of investments represents the net change in the fair value of the investments held during the year. The net realized gains or losses on the sale of investments represent the difference between the sale proceeds and the fair value of the investment as of the beginning of the year or the cost of the investment if purchased during the year.

Purchase 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.

Payment of Benefits

Benefits are recorded when paid.

Expenses

Certain expenses of the Plan are paid directly by the Company and are excluded from these financial statements. Fees paid to the third party administrator are charged to nonvested forfeiture accounts and are included in administrative expenses. Investment related expenses are included in net appreciation of fair value of investments.

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 3 – INFORMATION PREPARED AND CERTIFIED BY CUSTODIAN (UNAUDITED)

The following information included in the accompanying financial statements and supplementary schedule was obtained from data that has been prepared and certified to as complete and accurate by the custodian:

	2016	2015
Investments at fair value:		
Mutual funds	\$ 955,808	\$ 889,049
Collective trust funds	39,978	41,863
Total	<u>\$ 995,786</u>	<u>\$ 930,912</u>
Investment income:		
Net appreciation in		
fair value of investments	\$ 41,231	
Interest and dividends	\$ 13,071	

The Plan invests in various investments securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonable possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

NOTE 4 - FAIR VALUE MEASUREMENTS

The Plan, in accordance with generally accepted accounting principles, classifies its investments into three broad levels: Level 1 which refers to securities for which prices can be easily quoted in an active market for identical assets, Level 2 which refers to securities not traded on an active market but for which observable market inputs are readily available or Level 1 securities where there is a contractual restriction, and Level 3 which refers to securities not traded in an active market and for which no significant observable market inputs are available.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015:

Mutual Funds - valued at the daily closing price as reported by the fund. Mutual funds held by the plan are open-end mutual funds that are registered with the security and exchange commission. These funds are required to publish the daily net asset value (NAV) and to transact at that price.

Collective trust funds - valued at the NAV of units of a bank collective trust. The NAV, as provided by the custodian, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

(Continued)

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although plan management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

At December 31, 2016, the Plan's assets at fair value were classified as follows:

	Total	(Level 1)
Mutual funds	\$ 955,808	\$ 955,808
Investments measured at net asset value*	<u>39,978</u>	-
Total assets at fair value	<u>\$ 995,786</u>	

At December 31, 2015, the Plan's assets at fair value were classified as follows:

	Total	(Level 1)
Mutual funds	\$ 889,049	\$ 889,049
Investments measured at net value*	<u>41,863</u>	-
Total assets at fair value	<u>\$ 930,912</u>	

*In accordance with generally accepted accounting principles, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

(Continued)

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following tables summarize investments measured at fair value based on net asset value per share as of December 31, 2016 and 2015:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
December 31, 2016				
Collective Trust Funds	\$ 39,978	N/A	Daily	30 Days
December 31, 2015				
Collective Trust Funds	\$ 41,863	N/A	Daily	30 Days

NOTE 5 – PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are units of collective trust funds and mutual funds managed by Wells Fargo. Wells Fargo is the custodian as defined by the Plan and, therefore, these transactions qualify as party-in-interest. Fees paid to Wells Fargo by the Plan for investment management amounted to \$4,520 for the year ended December 31, 2016. Additional investment fees paid to the custodian are netted against investment returns.

NOTE 6 - TAX STATUS AND UNCERTAIN TAX POSITIONS

The Plan has adopted a volume submitter form of a prototype plan sponsored by Wells Fargo Bank. The volume submitter plan received an opinion letter from the Internal Revenue Service dated March 31, 2014 as to the volume submitter plan's qualified tax status stating that the volume submitter plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (IRC). The volume submitter plan opinion letter has been relied upon by this Plan.

The Plan is required to operate in conformity with the IRC to maintain its qualification. The Plan administrator believes that the Plan is designed and is being operated in compliance with the applicable requirements of the IRC. The plan administrator is not aware of any events that have occurred that might adversely affect the Plan's qualified status. Therefore, no provision for income taxes has been included in the Plan's financial statements.

The Plan follows the accounting guidance for uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Accounting Standards Codification (ASC) Topic 740, *Income Taxes*.

(Continued)

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 6 - TAX STATUS AND UNCERTAIN TAX POSITIONS (Continued)

The plan has concluded that there are no significant uncertain tax positions requiring disclosures, and there are no material amounts of unrecognized tax benefits. The Plan's evaluation was performed for tax years ended December 31, 2013 through December 31, 2016, the years that remain subject to examination by major tax jurisdictions as of December 31, 2016.

NOTE 7 – SUBSEQUENT EVENTS

The Plan administrator evaluated events and transactions subsequent to the statement of net assets available for benefits date through the date of the independent auditor's report (the date of the financial statements were available to be issued for potential recognition or disclosure in the financial statements. The Plan administrator has not identified any items requiring disclosure.

NOTE 8 – RECONCILIATION OF FINANCIAL STATEMENTS TO SCHEDULE H OF FORM 5500

The following is a reconciliation of net assets available for benefits as reflected in the accompanying financial statements as of December 31, 2015, to Schedule H of Form 5500:

Net assets available for benefits per the financial statements	\$ 916,122
Accrued liability for excess contributions payable	<u>14,790</u>
Net assets available for benefits per Schedule H of Form 5500	<u>\$ 930,912</u>

(Continued)

BH ELECTRONICS, INC. 401(K) & PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 8 – RECONCILIATION OF FINANCIAL STATEMENTS TO SCHEDULE H OF FORM 5500
(Continued)

The following is a reconciliation of change in net assets as reflected in the accompanying statement of changes in net assets available for benefits for the year ended December 31, 2016, to Schedule H of Form 5500:

Change in net assets per the financial statements	\$ 74,507
Less: Excess contributions payable to highly compensated Participants at December 31, 2015	(14,790)
Add: Excess contributions payable to highly compensated Participants at December 31, 2016	<u>5,157</u>
Change in net assets per Schedule H of Form 5500	<u>\$ 64,874</u>

SUPPLEMENTARY SCHEDULE

BH ELECTRONICS INC, 401(K) & PROFIT SHARING PLAN

SCHEDULE H, LINE 4I - SCHEDULE OF ASSETS HELD AT END OF YEAR.
 PLAN EIN 62-1473261 PLAN NUMBER 002
 DECEMBER 31, 2016

(a)	(b) Identity or Issue Borrower, Lessor or Similar Party	(c) Description of Investment	(d) Cost	(e) Current Value
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*	Wells Fargo	Stable Return Fund	**	29,790
				<u>39,978</u>
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*	Wells Fargo	Advantage DJ Target 2010	**	77,651
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*	Wells Fargo	Advantage DJ Target 2030	**	134,015
*	Wells Fargo	Advantage DJ Target 2040	**	142,795
*	Wells Fargo	Advantage DJ Target 2050	**	909
*	Wells Fargo	Advantage DJ Target 2060	**	102
	MFS	Value Fund R2	**	24,364
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