Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

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

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

OMB Nos. 1210-0110
1210-0089

2016

This Form is Open to Public Inspection

Part I Annual Report Identification Information

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

A This return/report is for:
- ☐ a multiemployer plan
- ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- ☒ 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
HMC ARCHITECTS EMPLOYEE STOCK OWNERSHIP PLAN

1b Three-digit plan number (PN) ▶ 002

1c Effective date of plan 01/01/2011

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

3546 CONCOURS STREET
ONTARIO, CA 91764

2b Employer Identification Number (EIN) 26-3849404

2c Plan Sponsor's telephone number 909-989-9979

2d Business code (see instructions) 541310

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2017	MATTHEW ENDSLEY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2017	MATTHEW ENDSLEY
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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

Preparer's telephone number

3a Plan administrator's name and address [X] Same as Plan Sponsor	**3b** Administrator's EIN	
	3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:	**4b** EIN	
a Sponsor's name	**4c** PN	

5 Total number of participants at the beginning of the plan year	**5**	258
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**).		
a(1) Total number of active participants at the beginning of the plan year	**6a(1)**	229
a(2) Total number of active participants at the end of the plan year	**6a(2)**	249
b Retired or separated participants receiving benefits	**6b**	1
c Other retired or separated participants entitled to future benefits	**6c**	18
d Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d**	268
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	0
f Total. Add lines **6d** and **6e**.	**6f**	268
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	264
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	4
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

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

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

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

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

a Pension Schedules

(1) [X] **R** (Retirement Plan Information)

(2) [ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary

(3) [ ] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1) [X] **H** (Financial Information)

(2) [ ] **I** (Financial Information – Small Plan)

(3) [ ] ___ **A** (Insurance Information)

(4) [X] **C** (Service Provider Information)

(5) [ ] **D** (DFE/Participating Plan Information)

(6) [ ] **G** (Financial Transaction Schedules)

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

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

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

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

11c Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2016** **This Form is Open to Public Inspection.**

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

A Name of plan
HMC ARCHITECTS EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 002

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

D Employer Identification Number (EIN)
26-3849404

Part I Service Provider Information (see instructions)

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part I Service Provider Information (continued)

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

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

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

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

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

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

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

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

(complete as many entries as needed)

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE H (Form 5500)

Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

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

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

OMB No. 1210-0110

2016

This Form is Open to Public Inspection

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

A Name of plan
HMC ARCHITECTS EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 002

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

D Employer Identification Number (EIN)
26-3849404

Part I Asset and Liability Statement

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

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	0
(2) Participant contributions	1b(2)	0	0
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	464	309
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	**1d(1)**	1779506	7484391
	(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**	1779970	7484700
	Liabilities			
g	Benefit claims payable	**1g**	0	
h	Operating payables	**1h**	0	
i	Acquisition indebtedness	**1i**	0	
j	Other liabilities	**1j**	19679912	18123500
k	Total liabilities (add all amounts in lines 1g through1j)	**1k**	19679912	18123500
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	**1l**	-17899942	-10638800

Part II Income and Expense Statement

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

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	**2a(1)(A)**	2130156	
	(B) Participants	**2a(1)(B)**	0	
	(C) Others (including rollovers)	**2a(1)(C)**	0	
	(2) Noncash contributions	**2a(2)**	0	
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	**2a(3)**		2130156
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	**2b(1)(A)**	0	
	(B) U.S. Government securities	**2b(1)(B)**	0	
	(C) Corporate debt instruments	**2b(1)(C)**	0	
	(D) Loans (other than to participants)	**2b(1)(D)**	0	
	(E) Participant loans	**2b(1)(E)**		
	(F) Other	**2b(1)(F)**	0	
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	**2b(1)(G)**		0
	(2) Dividends: **(A)** Preferred stock	**2b(2)(A)**	0	
	(B) Common stock	**2b(2)(B)**	0	
	(C) Registered investment company shares (e.g. mutual funds)	**2b(2)(C)**	0	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	**2b(2)(D)**		0
	(3) Rents	**2b(3)**		0
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	**2b(4)(A)**	0	
	(B) Aggregate carrying amount (see instructions)	**2b(4)(B)**	0	
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	**2b(4)(C)**		0
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	**2b(5)(A)**	0	
	(B) Other	**2b(5)(B)**	5704886	
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	**2b(5)(C)**		5704886

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		0
c Other income	2c		0
d Total income. Add all **income** amounts in column (b) and enter total	2d		7835042
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	32702	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		32702
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		541198
i Administrative expenses: **(1)** Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	0	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other	2i(4)	0	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		0
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		573900
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		7261142
l Transfers of assets:			
(1) To this plan	2l(1)		0
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: WRIGHT FORD YOUNG & CO. **(2)** EIN: 95-3288054

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

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

Part IV Compliance Questions

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

During the plan year:

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

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	0
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	0
e	Was this plan covered by a fidelity bond?	4e	X		1000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3	4n			
o	Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o			

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

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

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

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ..... ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year_____. (See instructions.)

Part V Trust Information

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

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

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.

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

A Name of plan
HMC ARCHITECTS EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 002

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

D Employer Identification Number (EIN)
26-3849404

Part I Distributions

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

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

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

EIN(s): 42-0127290

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

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

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

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

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

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

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

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

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

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

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

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

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

Part III Amendments

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

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

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

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

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

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

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part VII IRS Compliance Questions

20a Is the plan a 401(k) plan? 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 _____/_____/_____.

October 6, 2017

Wright Ford Young & Co.
Certified Public Accountants and Consultants, Inc.
16140 Sand Canyon Avenue
Irvine, CA 92618-3715

This representation letter is provided in connection with your audit of the financial statements and supplemental schedule of the HMC Architects Employee Stock Ownership Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, the related statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements, present fairly, in all material respects, the net assets available for benefits and change in net assets available for benefits of the Plan in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 23, 2017, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP, the notes include all disclosures required by laws and regulations to which the Plan is subject, including the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, and the supplemental schedule referred to above is fairly presented in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable. The methods and significant assumptions used to estimate fair values of financial instruments are disclosed in the notes to financial statements. The methods and significant assumptions used result in a measure of fair value appropriate for financial measurement and disclosure purposes.

6. We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with the requirements of Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurement.* In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in FASB ASC 820.

7. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

8. Transactions with parties in interest, as defined in Section 3(14) of ERISA and regulations thereunder, including sales, transfers, leasing arrangements, and guarantees, and amounts receivable from, or payable to, related parties have been appropriately disclosed, if applicable.

9. All events, if any, subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

10. There are no material uncorrected misstatements.

11. The effects of all known actual or possible litigation and claims, if any, have been accounted for and disclosed in accordance with U.S. GAAP.

12. Other matters (e.g., breach of fiduciary responsibilities, nonexempt transactions, loans or leases in default, events reportable to the PBGC, or events that may jeopardize the tax status) that legal counsel have advised us that must be disclosed have been properly disclosed, if applicable.

13. Financial instruments with concentrations of credit risk have been properly recorded or disclosed in the financial statements.

14. We have no intentions to terminate the plan.

15. Guarantees, whether written or oral, under which the plan is contingently liable, have been properly recorded or disclosed in the financial statements, if applicable.

16. We have properly reported and disclosed amendments to the plan instrument, if any.

17. We acknowledge our responsibility for presenting the supplementary schedule in accordance with U.S. GAAP, and we believe the supplementary schedule, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary schedule have not changed from those used in the prior year, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Information Provided

1. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the plan from whom you determined it necessary to obtain audit evidence.

    d. All minutes of the meetings pertaining to the plan or summaries of actions of most recent meetings for which minutes have not yet been prepared.

    e. Plan instruments, trust agreements, insurance contracts, or investment contracts and amendments to such documents entered into during the year, including amendments to comply with applicable laws.

2. All transactions have been recorded in the accounting records and are reflected in the financial statements.

3. Financial instruments with off balance–sheet risk and financial instruments with concentrations of credit risk have been properly recorded or disclosed in the financial statements, if applicable.

4. The plan or trust has satisfactory title to all owned assets that are recorded at fair value, unless other valuation methodology has been disclosed, and all liens, encumbrances or security interest requiring disclosure in the financial statements, if any, have been properly disclosed.

5. We do not believe there is a risk of material misstatement in the financial statements as a result of fraud.

6. We have no knowledge of any fraud or suspected fraud that affects the plan and involves:

a. Management

b. Employees who have significant roles in internal control, or

c. Others where the fraud could have a material effect on the financial statements.

7. We have no knowledge of any allegations of fraud or suspected fraud affecting the plan's financial statements communicated by employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators, or others.

8. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements in the event of noncompliance.

9. We did not consult with or engage attorneys regarding any potential litigation, claims, assessments or other compliance matters.

10. There are no other matters that legal counsel has advised us must be disclosed.

11. We have disclosed to you the identity of the plan's related parties and parties in interest and all the related party and party in interest relationships and transactions of which we are aware.

12. The plan has complied with all aspects of debt and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance, including the release of unallocated shares held in ESOP plans.

13. The outstanding debt balance of $18,123,501 as of December 31, 2016 is due from the Plan to the Plan Sponsor.

14. All required filings with the appropriate agencies have been made.

15. The plan (and the trust established under the plan) is qualified under the appropriate section of the Internal Revenue Code and we intend to continue them as a qualified plan (and trust). The plan sponsor has operated the Plan (and trust) in a manner that did not jeopardize this tax status.

16. We have apprised you of all communications, whether written or oral, with regulatory agencies concerning the operation of the plan, if any.

17. The plan has complied with the fidelity bonding requirements of ERISA.

18. The plan has complied with the required disclosures of plan fees and expenses to participants.

19. There are no:

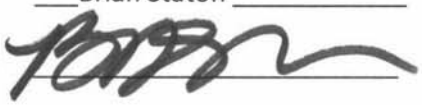
a. Nonexempt party in interest transactions that were not disclosed in the supplemental

schedule or financial statements.

b. Investments in default or considered to be uncollectible that were not disclosed in the supplemental schedule.

c. Reportable transactions that would require disclosure in a supplemental schedule to the financial statements.

Name: ___Brian Staton _____

Signature: 

Title: ____President/CEO_____

HMC ARCHITECTS
EMPLOYEE STOCK OWNERSHIP PLAN

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

HMC ARCHITECTS
EMPLOYEE STOCK OWNERSHIP PLAN

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

DECEMBER 31, 2016 AND 2015

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Wright Ford Young & Co.
Certified Public Accountants and Consultants, Inc.

INDEPENDENT AUDITOR'S REPORT

To the Trustee, Participants and Administrator of the
HMC Architects Employee Stock Ownership Plan:

Report on the Financial Statements

We have audited the accompanying financial statements of the HMC Architects Employee Stock Ownership Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, the related 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 our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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

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

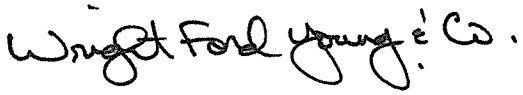
16140 Sand Canyon Avenue • Irvine, California 92618 • (949) 910-CPAS (2727) • Fax (949) 910-2728

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2016 and 2015, and the changes in net assets available for benefits for the year ended December 31, 2016, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule, Schedule H, Line 4i - Schedule of Assets (Held At End of Year) as of December 31, 2016, is presented for the purpose of additional analysis and is not a required part of the financial statements, but is supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



WRIGHT FORD YOUNG & CO.
Irvine, California
October 6, 2017

HMC ARCHITECTS
EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2016 AND 2015

	2016			2015		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
ASSETS:						
Investment in HMC Holdings, Inc. common stock	$ 2,494,797	$ 4,989,594	$ 7,484,391	$ 474,535	$ 1,304,971	$ 1,779,506
Interest bearing cash	309	-	309	464	-	464
Total assets	2,495,106	4,989,594	7,484,700	474,999	1,304,971	1,779,970
LIABILITIES:						
Loan payable	-	18,123,501	18,123,501	-	19,679,912	19,679,912
Total liabilities	-	18,123,501	18,123,501	-	19,679,912	19,679,912
NET ASSETS AVAILABLE FOR BENEFITS	$ 2,495,106	$ (13,133,907)	$ (10,638,801)	$ 474,999	$ (18,374,941)	$ (17,899,942)

See independent auditor's report and notes to the financial statements.

HMC ARCHITECTS
EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Allocated	Unallocated	Total
ADDITIONS:			
Sponsor contributions	$ 32,547	$ 2,097,609	$ 2,130,156
Net unrealized appreciation in fair value of HMC Holdings, Inc. common stock	1,521,302	4,183,583	5,704,885
Allocation of 348,923 shares of common stock of HMC Holdings, Inc.	498,960	-	498,960
Total additions	2,052,809	6,281,192	8,334,001
DEDUCTIONS:			
Interest expense	-	541,198	541,198
Benefit payments	32,702	-	32,702
Allocation of 348,923 shares of common stock of HMC Holdings, Inc.	-	498,960	498,960
Total deductions	32,702	1,040,158	1,072,860
NET INCREASE	2,020,107	5,241,034	7,261,141
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	474,999	(18,374,941)	(17,899,942)
NET ASSETS AVAILABLE FOR BENEFITS, end of year	$ 2,495,106	$ (13,133,907)	$ (10,638,801)

See independent auditor's report and notes to the financial statements.

HMC ARCHITECTS EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

1. PLAN DESCRIPTION AND BASIS OF PRESENTATION

The following description of the HMC Architects Employee Stock Ownership Plan (the Plan) provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provision.

General

HMC Holdings, Inc. (the Company or Sponsor) established the Plan, which commenced on January 1, 2011. The Plan operates as a leveraged employee stock ownership plan (ESOP) and is designed to comply with Sections 401(a) and 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986 (IRC), as amended, subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

On December 29, 2011, the Plan purchased 100% of the common stock of the Company using the proceeds of a borrowing from the Company (see Note 5) and holds the stock in a trust fund established under the Plan. The borrowing is to be repaid over 15 years by fully deductible Company contributions. As the Plan makes each scheduled payment of principal and interest, an appropriate percentage of stock is allocated to eligible participants' accounts in accordance with applicable regulations under the IRC.

The borrowing is collateralized by the unallocated shares of stock. The lender has no rights against shares once they are allocated under the ESOP. Accordingly, the financial statements of the Plan present separately the assets and liabilities and changes therein pertaining to: (a) the accounts of employees with vested rights in allocated stock (Allocated), and (b) stock not yet allocated to employees (Unallocated).

Eligibility

Employees are eligible to participate in the Plan after having attained at least 18 years of age and following the completion of 1 year of service, with a minimum of 1,000 hours worked. Plan entry dates are January 1 and July 1. Participants who do not have at least 1,000 hours of service during such plan year or are not employed on the last day of a plan year are not eligible for an allocation of Company contributions for such year.

Participant Accounts

Each participant's account is credited with allocations of (a) the Company's contributions, (b) forfeitures and (c) investment earnings.

The Company's contributions may consist of acquisition indebtedness contributions, stock purchase contributions or other discretionary cash contributions and are allocated to active participants based on the percentage that their eligible compensation is representative to total eligible compensation.

1. PLAN DESCRIPTION AND BASIS OF PRESENTATION – (Continued)

Participant Accounts – (Continued)

Forfeitures of terminated participant's nonvested account balances may be used to restore previously forfeited amounts, pay plan expenses or allocated to active participants based on the percentage that their eligible compensation is representative to total eligible compensation. For the year ended December 31, 2016, the Plan had 7,223 forfeited shares that were allocated to participants.

Net appreciation of Company common stock, as determined by an independent appraiser, is allocated based on the number of shares at year-end multiplied by the change in the per share value.

Contributions

Generally, the Company's contributions will be in amounts sufficient to service the debt obligations in Note 5. The Company may also make other discretionary cash contributions as determined each year by the Company's Board of Directors.

Vesting

Participants were given vesting credit for years of service completed prior to the formation of the Plan. Vesting in the Company's contributions is based on years of service as follows:

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

Payment of Benefits

Distribution of Plan benefits due to termination, retirement, disability or death will be made in shares of Company stock (see Put Option below) or an annuity. Annuities generally begin as soon as reasonably practicable and no later than the last day of the plan year following the plan year in which the distributable event occurs in annual installments over no more than five years, unless the participants vested account balance exceeds the amount as defined under the IRC, in which case installments could exceed five years. All account balances not exceeding $5,000 may be immediately distributed in a lump-sum payment. All account balances exceeding $1,000, but not exceeding $5,000, may be rolled into an Individual Retirement Account.

1. PLAN DESCRIPTION AND BASIS OF PRESENTATION – (Continued)

Voting Rights

Participants may direct the voting of shares of the Company stock allocated to their accounts on any matter on which shareholders are allowed to vote. Such matters are limited to the approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all assets of a trade or business, or other similar transactions. If a participant fails to provide instructions, the trustee will vote shares for which the participant has the right to direct voting in the manner directed by the Plan Administrator. The trustee will vote any unallocated shares of the Company stock in the same manner.

Put Option

Under Federal income tax regulations, the employer stock that is held by the Plan and its participants and is not readily tradable on an established market, or is subject to trading limitations, includes a put option (the liquidity put). The liquidity put is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The purpose of the liquidity put is to ensure that the participant has the ability to ultimately obtain cash after receiving a distribution of stock. The Plan may also honor the put, although it is not required to do so. The put price is the fair market value of the stock as determined as of the most recent valuation date, as defined. As of December 31, 2016, 121,527 shares of stock are scheduled to be repurchased through 2021.

Diversification

Diversification will be offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company stock into investments which are more diversified. Participants who are at least 55 years of age with at least 10 years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a six year period. In each of the first five years, a participant may diversify up to 25% of his or her account balance, less any amounts previously diversified. In the sixth year, the percentage changes to 50%. As of December 31, 2016, no shares of the Company common stock were eligible for diversification.

Plan Termination

The Company has the right to terminate or amend the Plan at any time, subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

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

Administrative Expenses

As provided in the Plan agreement, administrative expenses may be paid either by the Plan or by the Company. Plan expenses paid by the Company are not included in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates. Significant estimates included the valuation of Sponsor common stock.

Risks and Uncertainties

The Plan invests in the common stock of the Sponsor which is exposed to various risks, such as interest rate risk, credit risk and market risks, as well as valuation assumptions based on earnings, cash flows or other techniques. Due to the level of risk associated with this investment and to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in the value of this investment will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Subsequent Events

The Company has evaluated subsequent events through the date of the independent auditor's report, which is the date the accompanying financial statements were available to be issued.

3. FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board (FASB) provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this framework are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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, 2015 and 2014.

HMC Holdings, Inc. common stock: The fair value of the Company's common stock is determined by an independent appraisal. The valuation was based on the market and discounted cash flows (DCF) methods. Plan management has concluded that a market participant would also recognize a discount for lack of control and marketability. This investment is classified within level 3 of the valuation hierarchy because the asset value is not based on an active market with quoted prices and was determined using observable and unobservable inputs.

Interest bearing cash: The carrying value is believed to be representative of its fair value based on its short term nature and is classified within level 1 of the valuation hierarchy.

3. 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 the Plan 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.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2016 and 2015:

Description	Total	Level 1	Level 2	Level 3
December 31, 2016				
Investment in HMC Holdings, Inc.				
Common stock	$ 7,484,391	$ -	$ -	$ 7,484,391
Interest bearing cash	309	309	-	-
Total investments at fair value	$ 7,484,700	$ 309	$ -	$ 7,484,391
December 31, 2015				
Investment in HMC Holdings, Inc.				
Common stock	$ 1,779,506	$ -	$ -	$ 1,779,506
Interest bearing cash	464	464	-	-
Total investments at fair value	$ 1,779,970	$ 464	$ -	$ 1,779,506

In regards to the classifications of investments, there were no reclassifications between levels 1, 2 and 3 during the year ended December 31, 2016.

The following table presents a summary of changes in the fair value of the Plan's level 3 assets for the year ended December 31, 2016:

	HMC Holdings, Inc. Common Stock
Balance, beginning of year	$ 1,779,506
Unrealized appreciation in fair value	5,704,885
Balance, end of year	$ 7,484,391

4. INVESTMENTS

The following table summarizes the Plan's investment in the Company's stock at December 31, 2016 and 2015:

	2016		2015	
	Allocated	Unallocated	Allocated	Unallocated
HMC Holdings, Inc.				
Common stock shares:				
Number of shares	1,744,614	3,489,226	1,395,691	3,838,149
Cost	$ 8,500,003	$ 16,999,997	$ 6,800,002	$ 18,699,998
Market	$ 2,494,797	$ 4,989,594	$ 474,535	$ 1,304,971

5. LOAN PAYABLE

In December 2011, the Plan entered into a $25,500,000 term loan agreement with the Company. The proceeds of the loan were used to purchase HMC Holdings, Inc. common stock. Unallocated shares are collateral for the loan. Shares are released from collateral and allocated to participants as payments of principal and interest are made. The number of shares released in any year is the number of shares held as collateral, times the ratio of the current year payments divided by the total of this year's payments, plus all future years' principal and interest payments. This resulted in 348,923 shares being released and allocated for the plan year ended December 31, 2016.

The agreement provides for the loan to be repaid over 15 years with a final payment due in 2026. The scheduled principal and interest payments is $2,097,609 per year. Interest is charged at a fixed rate of 2.75%. The fair value of the note payable as of December 31, 2016 and 2015 was approximately $17,445,000 and $18,626,000, respectively, determined by using interest rates believed to be available for issuance of debt with similar terms, maturity dates and nonperformance risk.

6. PARTY-IN-INTEREST TRANSACTIONS

The Plan allows for transactions with certain parties who may perform services or have fiduciary responsibilities to the Plan. Such parties are parties-in-interest under ERISA. The Plan invests in Company common stock and has indebtedness to the Company. The Company paid certain administrative expenses, including recordkeeping and audit fees of the Plan. These transactions qualify as party-in-interest transactions for which a statutory exemption exists.

7. TAX STATUS

The Company received a favorable determination letter from the Internal Revenue Service (IRS), on September 27, 2013, which stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan has since been amended. The plan administrator believes the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

7. TAX STATUS – (Continued)

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

HMC ARCHITECTS

EMPLOYEE STOCK OWNERSHIP PLAN

PLAN FEIN#: 26-3849404

PLAN # 002

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

DECEMBER 31, 2016

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current Value
*	HMC Holdings, Inc.	Common stock, 5,233,840 shares	$ 25,500,000	$ 7,484,391
*	Benefit Trust Company	Cash and cash equivalents	309	309
				$ 7,484,700

* A party-in-interest as defined by ERISA.

See independent auditor's report and notes to the financial statements.

October 6, 2017

Wright Ford Young & Co.
Certified Public Accountants and Consultants, Inc.
16140 Sand Canyon Avenue
Irvine, CA 92618-3715

This representation letter is provided in connection with your audit of the financial statements and supplemental schedule of the HMC Architects Employee Stock Ownership Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, the related statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements, present fairly, in all material respects, the net assets available for benefits and change in net assets available for benefits of the Plan in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 23, 2017, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP, the notes include all disclosures required by laws and regulations to which the Plan is subject, including the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, and the supplemental schedule referred to above is fairly presented in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable. The methods and significant assumptions used to estimate fair values of financial instruments are disclosed in the notes to financial statements. The methods and significant assumptions used result in a measure of fair value appropriate for financial measurement and disclosure purposes.

6. We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with the requirements of Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurement.* In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in FASB ASC 820.

7. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

8. Transactions with parties in interest, as defined in Section 3(14) of ERISA and regulations thereunder, including sales, transfers, leasing arrangements, and guarantees, and amounts receivable from, or payable to, related parties have been appropriately disclosed, if applicable.

9. All events, if any, subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

10. There are no material uncorrected misstatements.

11. The effects of all known actual or possible litigation and claims, if any, have been accounted for and disclosed in accordance with U.S. GAAP.

12. Other matters (e.g., breach of fiduciary responsibilities, nonexempt transactions, loans or leases in default, events reportable to the PBGC, or events that may jeopardize the tax status) that legal counsel have advised us that must be disclosed have been properly disclosed, if applicable.

13. Financial instruments with concentrations of credit risk have been properly recorded or disclosed in the financial statements.

14. We have no intentions to terminate the plan.

15. Guarantees, whether written or oral, under which the plan is contingently liable, have been properly recorded or disclosed in the financial statements, if applicable.

16. We have properly reported and disclosed amendments to the plan instrument, if any.

17. We acknowledge our responsibility for presenting the supplementary schedule in accordance with U.S. GAAP, and we believe the supplementary schedule, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary schedule have not changed from those used in the prior year, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Information Provided

1. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the plan from whom you determined it necessary to obtain audit evidence.

    d. All minutes of the meetings pertaining to the plan or summaries of actions of most recent meetings for which minutes have not yet been prepared.

    e. Plan instruments, trust agreements, insurance contracts, or investment contracts and amendments to such documents entered into during the year, including amendments to comply with applicable laws.

2. All transactions have been recorded in the accounting records and are reflected in the financial statements.

3. Financial instruments with off balance–sheet risk and financial instruments with concentrations of credit risk have been properly recorded or disclosed in the financial statements, if applicable.

4. The plan or trust has satisfactory title to all owned assets that are recorded at fair value, unless other valuation methodology has been disclosed, and all liens, encumbrances or security interest requiring disclosure in the financial statements, if any, have been properly disclosed.

5. We do not believe there is a risk of material misstatement in the financial statements as a result of fraud.

6. We have no knowledge of any fraud or suspected fraud that affects the plan and involves:

a. Management

b. Employees who have significant roles in internal control, or

c. Others where the fraud could have a material effect on the financial statements.

7. We have no knowledge of any allegations of fraud or suspected fraud affecting the plan's financial statements communicated by employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators, or others.

8. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements in the event of noncompliance.

9. We did not consult with or engage attorneys regarding any potential litigation, claims, assessments or other compliance matters.

10. There are no other matters that legal counsel has advised us must be disclosed.

11. We have disclosed to you the identity of the plan's related parties and parties in interest and all the related party and party in interest relationships and transactions of which we are aware.

12. The plan has complied with all aspects of debt and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance, including the release of unallocated shares held in ESOP plans.

13. The outstanding debt balance of $18,123,501 as of December 31, 2016 is due from the Plan to the Plan Sponsor.

14. All required filings with the appropriate agencies have been made.

15. The plan (and the trust established under the plan) is qualified under the appropriate section of the Internal Revenue Code and we intend to continue them as a qualified plan (and trust). The plan sponsor has operated the Plan (and trust) in a manner that did not jeopardize this tax status.

16. We have apprised you of all communications, whether written or oral, with regulatory agencies concerning the operation of the plan, if any.

17. The plan has complied with the fidelity bonding requirements of ERISA.

18. The plan has complied with the required disclosures of plan fees and expenses to participants.

19. There are no:

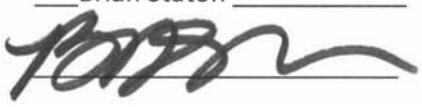
a. Nonexempt party in interest transactions that were not disclosed in the supplemental

schedule or financial statements.

b. Investments in default or considered to be uncollectible that were not disclosed in the supplemental schedule.

c. Reportable transactions that would require disclosure in a supplemental schedule to the financial statements.

Name: ___Brian Staton _____

Signature: 

Title: ____President/CEO_____

HMC ARCHITECTS
EMPLOYEE STOCK OWNERSHIP PLAN

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

HMC ARCHITECTS
EMPLOYEE STOCK OWNERSHIP PLAN

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DECEMBER 31, 2016 AND 2015

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Wright Ford Young & Co.
Certified Public Accountants and Consultants, Inc.

INDEPENDENT AUDITOR'S REPORT

To the Trustee, Participants and Administrator of the
HMC Architects Employee Stock Ownership Plan:

Report on the Financial Statements

We have audited the accompanying financial statements of the HMC Architects Employee Stock Ownership Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, the related 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 our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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

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

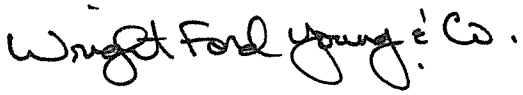
16140 Sand Canyon Avenue • Irvine, California 92618 • (949) 910-CPAS (2727) • Fax (949) 910-2728

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2016 and 2015, and the changes in net assets available for benefits for the year ended December 31, 2016, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule, Schedule H, Line 4i - Schedule of Assets (Held At End of Year) as of December 31, 2016, is presented for the purpose of additional analysis and is not a required part of the financial statements, but is supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



WRIGHT FORD YOUNG & CO.
Irvine, California
October 6, 2017

HMC ARCHITECTS
EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2016 AND 2015

	2016			2015		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
ASSETS:						
Investment in HMC Holdings, Inc. common stock	$ 2,494,797	$ 4,989,594	$ 7,484,391	$ 474,535	$ 1,304,971	$ 1,779,506
Interest bearing cash	309	-	309	464	-	464
Total assets	2,495,106	4,989,594	7,484,700	474,999	1,304,971	1,779,970
LIABILITIES:						
Loan payable	-	18,123,501	18,123,501	-	19,679,912	19,679,912
Total liabilities	-	18,123,501	18,123,501	-	19,679,912	19,679,912
NET ASSETS AVAILABLE FOR BENEFITS	$ 2,495,106	$ (13,133,907)	$ (10,638,801)	$ 474,999	$ (18,374,941)	$ (17,899,942)

See independent auditor's report and notes to the financial statements.

HMC ARCHITECTS
EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Allocated	Unallocated	Total
ADDITIONS:			
Sponsor contributions	$ 32,547	$ 2,097,609	$ 2,130,156
Net unrealized appreciation in fair value of HMC Holdings, Inc. common stock	1,521,302	4,183,583	5,704,885
Allocation of 348,923 shares of common stock of HMC Holdings, Inc.	498,960	-	498,960
Total additions	2,052,809	6,281,192	8,334,001
DEDUCTIONS:			
Interest expense	-	541,198	541,198
Benefit payments	32,702	-	32,702
Allocation of 348,923 shares of common stock of HMC Holdings, Inc.	-	498,960	498,960
Total deductions	32,702	1,040,158	1,072,860
NET INCREASE	2,020,107	5,241,034	7,261,141
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	474,999	(18,374,941)	(17,899,942)
NET ASSETS AVAILABLE FOR BENEFITS, end of year	$ 2,495,106	$ (13,133,907)	$ (10,638,801)

See independent auditor's report and notes to the financial statements.

HMC ARCHITECTS EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

1. PLAN DESCRIPTION AND BASIS OF PRESENTATION

The following description of the HMC Architects Employee Stock Ownership Plan (the Plan) provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provision.

General

HMC Holdings, Inc. (the Company or Sponsor) established the Plan, which commenced on January 1, 2011. The Plan operates as a leveraged employee stock ownership plan (ESOP) and is designed to comply with Sections 401(a) and 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986 (IRC), as amended, subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

On December 29, 2011, the Plan purchased 100% of the common stock of the Company using the proceeds of a borrowing from the Company (see Note 5) and holds the stock in a trust fund established under the Plan. The borrowing is to be repaid over 15 years by fully deductible Company contributions. As the Plan makes each scheduled payment of principal and interest, an appropriate percentage of stock is allocated to eligible participants' accounts in accordance with applicable regulations under the IRC.

The borrowing is collateralized by the unallocated shares of stock. The lender has no rights against shares once they are allocated under the ESOP. Accordingly, the financial statements of the Plan present separately the assets and liabilities and changes therein pertaining to: (a) the accounts of employees with vested rights in allocated stock (Allocated), and (b) stock not yet allocated to employees (Unallocated).

Eligibility

Employees are eligible to participate in the Plan after having attained at least 18 years of age and following the completion of 1 year of service, with a minimum of 1,000 hours worked. Plan entry dates are January 1 and July 1. Participants who do not have at least 1,000 hours of service during such plan year or are not employed on the last day of a plan year are not eligible for an allocation of Company contributions for such year.

Participant Accounts

Each participant's account is credited with allocations of (a) the Company's contributions, (b) forfeitures and (c) investment earnings.

The Company's contributions may consist of acquisition indebtedness contributions, stock purchase contributions or other discretionary cash contributions and are allocated to active participants based on the percentage that their eligible compensation is representative to total eligible compensation.

1. PLAN DESCRIPTION AND BASIS OF PRESENTATION – (Continued)

Participant Accounts – (Continued)

Forfeitures of terminated participant's nonvested account balances may be used to restore previously forfeited amounts, pay plan expenses or allocated to active participants based on the percentage that their eligible compensation is representative to total eligible compensation. For the year ended December 31, 2016, the Plan had 7,223 forfeited shares that were allocated to participants.

Net appreciation of Company common stock, as determined by an independent appraiser, is allocated based on the number of shares at year-end multiplied by the change in the per share value.

Contributions

Generally, the Company's contributions will be in amounts sufficient to service the debt obligations in Note 5. The Company may also make other discretionary cash contributions as determined each year by the Company's Board of Directors.

Vesting

Participants were given vesting credit for years of service completed prior to the formation of the Plan. Vesting in the Company's contributions is based on years of service as follows:

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

Payment of Benefits

Distribution of Plan benefits due to termination, retirement, disability or death will be made in shares of Company stock (see Put Option below) or an annuity. Annuities generally begin as soon as reasonably practicable and no later than the last day of the plan year following the plan year in which the distributable event occurs in annual installments over no more than five years, unless the participants vested account balance exceeds the amount as defined under the IRC, in which case installments could exceed five years. All account balances not exceeding $5,000 may be immediately distributed in a lump-sum payment. All account balances exceeding $1,000, but not exceeding $5,000, may be rolled into an Individual Retirement Account.

1. PLAN DESCRIPTION AND BASIS OF PRESENTATION – (Continued)

Voting Rights

Participants may direct the voting of shares of the Company stock allocated to their accounts on any matter on which shareholders are allowed to vote. Such matters are limited to the approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all assets of a trade or business, or other similar transactions. If a participant fails to provide instructions, the trustee will vote shares for which the participant has the right to direct voting in the manner directed by the Plan Administrator. The trustee will vote any unallocated shares of the Company stock in the same manner.

Put Option

Under Federal income tax regulations, the employer stock that is held by the Plan and its participants and is not readily tradable on an established market, or is subject to trading limitations, includes a put option (the liquidity put). The liquidity put is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The purpose of the liquidity put is to ensure that the participant has the ability to ultimately obtain cash after receiving a distribution of stock. The Plan may also honor the put, although it is not required to do so. The put price is the fair market value of the stock as determined as of the most recent valuation date, as defined. As of December 31, 2016, 121,527 shares of stock are scheduled to be repurchased through 2021.

Diversification

Diversification will be offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company stock into investments which are more diversified. Participants who are at least 55 years of age with at least 10 years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a six year period. In each of the first five years, a participant may diversify up to 25% of his or her account balance, less any amounts previously diversified. In the sixth year, the percentage changes to 50%. As of December 31, 2016, no shares of the Company common stock were eligible for diversification.

Plan Termination

The Company has the right to terminate or amend the Plan at any time, subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

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

Administrative Expenses

As provided in the Plan agreement, administrative expenses may be paid either by the Plan or by the Company. Plan expenses paid by the Company are not included in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates. Significant estimates included the valuation of Sponsor common stock.

Risks and Uncertainties

The Plan invests in the common stock of the Sponsor which is exposed to various risks, such as interest rate risk, credit risk and market risks, as well as valuation assumptions based on earnings, cash flows or other techniques. Due to the level of risk associated with this investment and to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in the value of this investment will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Subsequent Events

The Company has evaluated subsequent events through the date of the independent auditor's report, which is the date the accompanying financial statements were available to be issued.

3. FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board (FASB) provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this framework are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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, 2015 and 2014.

HMC Holdings, Inc. common stock: The fair value of the Company's common stock is determined by an independent appraisal. The valuation was based on the market and discounted cash flows (DCF) methods. Plan management has concluded that a market participant would also recognize a discount for lack of control and marketability. This investment is classified within level 3 of the valuation hierarchy because the asset value is not based on an active market with quoted prices and was determined using observable and unobservable inputs.

Interest bearing cash: The carrying value is believed to be representative of its fair value based on its short term nature and is classified within level 1 of the valuation hierarchy.

3. 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 the Plan 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.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2016 and 2015:

Description	Total	Level 1	Level 2	Level 3
December 31, 2016				
Investment in HMC Holdings, Inc.				
Common stock	$ 7,484,391	$ -	$ -	$ 7,484,391
Interest bearing cash	309	309	-	-
Total investments at fair value	$ 7,484,700	$ 309	$ -	$ 7,484,391
December 31, 2015				
Investment in HMC Holdings, Inc.				
Common stock	$ 1,779,506	$ -	$ -	$ 1,779,506
Interest bearing cash	464	464	-	-
Total investments at fair value	$ 1,779,970	$ 464	$ -	$ 1,779,506

In regards to the classifications of investments, there were no reclassifications between levels 1, 2 and 3 during the year ended December 31, 2016.

The following table presents a summary of changes in the fair value of the Plan's level 3 assets for the year ended December 31, 2016:

	HMC Holdings, Inc. Common Stock
Balance, beginning of year	$ 1,779,506
Unrealized appreciation in fair value	5,704,885
Balance, end of year	$ 7,484,391

4. INVESTMENTS

The following table summarizes the Plan's investment in the Company's stock at December 31, 2016 and 2015:

	2016		2015	
	Allocated	Unallocated	Allocated	Unallocated
HMC Holdings, Inc.				
Common stock shares:				
Number of shares	1,744,614	3,489,226	1,395,691	3,838,149
Cost	$ 8,500,003	$ 16,999,997	$ 6,800,002	$ 18,699,998
Market	$ 2,494,797	$ 4,989,594	$ 474,535	$ 1,304,971

5. LOAN PAYABLE

In December 2011, the Plan entered into a $25,500,000 term loan agreement with the Company. The proceeds of the loan were used to purchase HMC Holdings, Inc. common stock. Unallocated shares are collateral for the loan. Shares are released from collateral and allocated to participants as payments of principal and interest are made. The number of shares released in any year is the number of shares held as collateral, times the ratio of the current year payments divided by the total of this year's payments, plus all future years' principal and interest payments. This resulted in 348,923 shares being released and allocated for the plan year ended December 31, 2016.

The agreement provides for the loan to be repaid over 15 years with a final payment due in 2026. The scheduled principal and interest payments is $2,097,609 per year. Interest is charged at a fixed rate of 2.75%. The fair value of the note payable as of December 31, 2016 and 2015 was approximately $17,445,000 and $18,626,000, respectively, determined by using interest rates believed to be available for issuance of debt with similar terms, maturity dates and nonperformance risk.

6. PARTY-IN-INTEREST TRANSACTIONS

The Plan allows for transactions with certain parties who may perform services or have fiduciary responsibilities to the Plan. Such parties are parties-in-interest under ERISA. The Plan invests in Company common stock and has indebtedness to the Company. The Company paid certain administrative expenses, including recordkeeping and audit fees of the Plan. These transactions qualify as party-in-interest transactions for which a statutory exemption exists.

7. TAX STATUS

The Company received a favorable determination letter from the Internal Revenue Service (IRS), on September 27, 2013, which stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan has since been amended. The plan administrator believes the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

7. TAX STATUS – (Continued)

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

HMC ARCHITECTS

EMPLOYEE STOCK OWNERSHIP PLAN

PLAN FEIN#: 26-3849404

PLAN # 002

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

DECEMBER 31, 2016

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current Value
*	HMC Holdings, Inc.	Common stock, 5,233,840 shares	$ 25,500,000	$ 7,484,391
*	Benefit Trust Company	Cash and cash equivalents	309	309
				$ 7,484,700

* A party-in-interest as defined by ERISA.

See independent auditor's report and notes to the financial statements.