# Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Annual Return/Report of Employee Benefit Plan

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

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

OMB Nos. 1210-0110
1210-0089

**2016**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

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

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

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

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

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

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

**1a** Name of plan
HIRSCH/BEDNER ASSOCIATES 401(K) PLAN

**1b** Three-digit plan number (PN) ▶ 003

**1c** Effective date of plan 10/01/1990

**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)
HIRSCH BEDNER & ASSOCIATES

3216 NEBRASKA AVENUE
SANTA MONICA, CA 90404-4214

**2b** Employer Identification Number (EIN) 95-6105057

**2c** Plan Sponsor's telephone number 310-829-9087

**2d** Business code (see instructions) 541400

**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. | 10/12/2017 | MARIA GUIZAR |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | | | |
| | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| **SIGN HERE** | | | |
| | **Signature of DFE** | Date | Enter name of individual signing as DFE |

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

Preparer's telephone number

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

| | | | |
|---|---|---|---|
| **5** | Total number of participants at the beginning of the plan year | **5** | 262 |
| **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)** | 170 |
| **a(2)** | Total number of active participants at the end of the plan year | **6a(2)** | 161 |
| **b** | Retired or separated participants receiving benefits | **6b** | 0 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 82 |
| **d** | Subtotal. Add lines **6a(2)**, **6b**, and **6c**. | **6d** | 243 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. | **6e** | 0 |
| **f** | Total. Add lines **6d** and **6e**. | **6f** | 243 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 220 |
| **h** | Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 0 |
| **7** | Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | |

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

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

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

| **9a** Plan funding arrangement (check all that apply) | | **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)** [ ] 0 **A** (Insurance Information)
- **(4)** [X] **C** (Service Provider Information)
- **(5)** [X] **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<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br>▶ **File as an attachment to Form 5500.** | **2016**<br>**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
HIRSCH/BEDNER ASSOCIATES 401(K) PLAN

**B** Three-digit plan number (PN) ▶ 003

**C** Plan sponsor's name as shown on line 2a of Form 5500
HIRSCH BEDNER & ASSOCIATES

**D** Employer Identification Number (EIN)
95-6105057

## Part I Service Provider Information (see instructions)

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

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

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

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

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

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

**(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)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

| (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? |
|---|---|---|---|---|---|---|
| 37 60 64 65 | RECORDKEEPER | 4263 | Yes [X] No [ ] | Yes [X] No [ ] | 0 | Yes [X] 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 |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| BARON ASSET FUND - DST SYSTEMS INC<br><br>43-1581814 | 0.40% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| LAUD INTL MKTMSTR I - BOSTON FINAN P.O. BOX 8480 BOSTON, MA 02266 | 0.35% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| LOOMIS SM CAP VAL R - BOSTON FINAN P.O. BOX 8480 BOSTON, MA 02266 | 0.40% |

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

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

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

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

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

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

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

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

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

(complete as many entries as needed)

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

# SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

## DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

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

OMB No. 1210-0110

**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
HIRSCH/BEDNER ASSOCIATES 401(K) PLAN

**B** Three-digit plan number (PN) ▶ 003

**C** Plan or DFE sponsor's name as shown on line 2a of Form 5500
HIRSCH BEDNER & ASSOCIATES

**D** Employer Identification Number (EIN)
95-6105057

**Part I** **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

**a** Name of MTIA, CCT, PSA, or 103-12 IE: MIP CL 1

**b** Name of sponsor of entity listed in (a): FIDELITY MANAGEMENT TRUST COMPANY

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 04-3022712-024 | C | 859969 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

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

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

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

# 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
HIRSCH/BEDNER ASSOCIATES 401(K) PLAN

**B** Three-digit plan number (PN) ▶ 003

**C** Plan sponsor's name as shown on line 2a of Form 5500
HIRSCH BEDNER & ASSOCIATES

**D** Employer Identification Number (EIN)
95-6105057

## Part I Asset and Liability Statement

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

| Assets | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | 1a | 0 | 0 |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | 139153 | 141059 |
| **(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) | 0 | 0 |
| **(2)** U.S. Government securities | 1c(2) | 0 | 0 |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | 1c(3)(A) | 0 | 0 |
| **(B)** All other | 1c(3)(B) | 0 | 0 |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | 1c(4)(A) | 0 | 0 |
| **(B)** Common | 1c(4)(B) | 0 | 0 |
| **(5)** Partnership/joint venture interests | 1c(5) | 0 | 0 |
| **(6)** Real estate (other than employer real property) | 1c(6) | 0 | 0 |
| **(7)** Loans (other than to participants) | 1c(7) | 0 | 0 |
| **(8)** Participant loans | 1c(8) | 8644 | 19598 |
| **(9)** Value of interest in common/collective trusts | 1c(9) | 849614 | 859969 |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | 0 | 0 |
| **(11)** Value of interest in master trust investment accounts | 1c(11) | 0 | 0 |
| **(12)** Value of interest in 103-12 investment entities | 1c(12) | 0 | 0 |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | 1c(13) | 10285209 | 10802139 |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | 0 | 0 |

| | | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|---|
| **1d** | Employer-related investments: | | | |
| | **(1)** Employer securities | 1d(1) | 0 | 0 |
| | **(2)** Employer real property | 1d(2) | 0 | 0 |
| **e** | Buildings and other property used in plan operation | 1e | 0 | 0 |
| **f** | Total assets (add all amounts in lines 1a through 1e) | 1f | 11282620 | 11822765 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | 0 | 0 |
| **h** | Operating payables | 1h | 0 | 0 |
| **i** | Acquisition indebtedness | 1i | 0 | 0 |
| **j** | Other liabilities | 1j | 0 | 0 |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | 0 | 0 |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 11282620 | 11822765 |

## 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) | 141059 | |
| | **(B)** Participants | 2a(1)(B) | 795296 | |
| | **(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) | | 936355 |
| **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) | 547 | |
| | **(F)** Other | 2b(1)(F) | 0 | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 547 |
| | **(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) | 323858 | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 323858 |
| | **(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) | 0 | |
| | **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | 0 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| (6) Net investment gain (loss) from common/collective trusts | 2b(6) | | 6966 |
| (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) | | 258663 |
| c Other income | 2c | | 0 |
| d Total income. Add all **income** amounts in column (b) and enter total | 2d | | 1526389 |
| **Expenses** | | | |
| e Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 963916 | |
| (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) | | 963916 |
| f Corrective distributions (see instructions) | 2f | | 17416 |
| g Certain deemed distributions of participant loans (see instructions) | 2g | | 0 |
| h Interest expense | 2h | | 0 |
| i Administrative expenses: (1) Professional fees | 2i(1) | 0 | |
| (2) Contract administrator fees | 2i(2) | 0 | |
| (3) Investment advisory and management fees | 2i(3) | 599 | |
| (4) Other | 2i(4) | 4313 | |
| (5) Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 4912 |
| j Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 986244 |
| **Net Income and Reconciliation** | | | |
| k Net income (loss). Subtract line **2j** from line **2d** | 2k | | 540145 |
| 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)** ☐ Unqualified **(2)** ☐ Qualified **(3)** ☒ Disclaimer **(4)** ☐ Adverse

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

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

**(1)** Name: CALIFORNIA ACCOUNTANTS GROUP, LLP **(2)** EIN: 95-4590729

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

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

## Part IV Compliance Questions

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

During the plan year:

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

| | | | Yes | No | Amount |
|---|---|---|---|---|---|
| c | Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) | 4c | | X | |
| d | Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) | 4d | | X | |
| e | Was this plan covered by a fidelity bond? | 4e | X | | 500000 |
| f | Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | |
| g | Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | | X | |
| h | Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | |
| i | Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | X | | |
| j | Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) | 4j | | X | |
| k | Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | |
| l | Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| m | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | X | |
| n | If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3 | 4n | | X | |
| o | Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service? | 4o | | | |

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

**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
HIRSCH/BEDNER ASSOCIATES 401(K) PLAN

**B** Three-digit plan number (PN) ▶ 003

**C** Plan sponsor's name as shown on line 2a of Form 5500
HIRSCH BEDNER & ASSOCIATES

**D** Employer Identification Number (EIN)
95-6105057

## 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**

**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): 04-6568107

**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 _____/_____/_____.

# HIRSCH-BEDNER ASSOCIATES 401(k) PLAN

## FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

**December 31, 2016 and 2015**

CALIFORNIA
ACCOUNTANTS
GROUP, LLP

21900 Burbank Boulevard,
Suite 112
Woodland Hills, CA 91367

(818) 702-0900
(818) 702-0910 Fax
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# Report of Independent Auditors

To the Participants and Plan Administrator of the

**HIRSCH-BEDNER ASSOCIATES 401(k) PLAN**

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Hirsch-Bedner Associates 401(k) Plan, which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and 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 conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

## Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2016 and 2015, that the information provided to the plan administrator by the trustee is complete and accurate.

**Disclaimer of Opinion**

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

**Other Matter**

The supplemental schedule of assets (held at end of year) (schedule H, part IV, line 4i) is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule referred to above.

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

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

California Accountants Group, LLP

Woodland Hills, California
October 6, 2017

**HIRSCH-BEDNER ASSOCIATES 401(k) PLAN**
**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**
**December 31, 2016 and 2015**

| **Assets** | **2016** | **2015** |
|---|---|---|
| Investments, at fair value: | | |
| Registered investment companies at fair value | $ 10,802,139 | $ 10,285,209 |
| Common collective trust at contract value | 857,858 | 843,851 |
| | 11,659,997 | 11,129,060 |
| Receivables: | | |
| Notes receivable from participants | 19,598 | 8,644 |
| Employer contributions receivable | 141,059 | 139,153 |
| | 160,657 | 147,797 |
| **Total assets** | 11,820,654 | 11,276,857 |
| **Liabilities** | | |
| Refunds payable for excess contributions | 6,398 | 17,416 |
| **Total liabilities** | 6,398 | 17,416 |
| **Net assets available for benefits** | $ 11,814,256 | $ 11,259,441 |

The accompanying notes are an integral part of these financial statements.

**HIRSCH-BEDNER ASSOCIATES 401(k) PLAN**
**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**
**Year ended December 31, 2016**

| | | |
|---|---|---|
| **Additions:** | | |
| Contributions: | | |
| Participants | $ | 788,898 |
| Employer | | 141,059 |
| Total contributions | | 929,957 |
| Investment income: | | |
| Net appreciation in fair value of investments | | 258,663 |
| Interest and dividend income on investments | | 334,476 |
| Interest income on notes receivable from participants | | 547 |
| Total investment income | | 593,686 |
| Total additions | | 1,523,643 |
| **Deductions:** | | |
| Benefits paid to participants | | 963,916 |
| Administrative expenses | | 4,912 |
| Total deductions | | 968,828 |
| **Net increase** | | 554,815 |
| **Net assets available for benefits,** beginning of year | | 11,259,441 |
| **Net assets available for benefits,** end of year | $ | 11,814,256 |

The accompanying notes are an integral part of these financial statements.

## NOTE 1 – DESCRIPTION OF PLAN

The following description of the Hirsch-Bedner Associates 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement or Summary Plan Description for a more complete description of the Plan's provisions.

### General

The Plan, which was adopted effective as of October 1, 1990, is a qualified defined contribution plan under Section 401(k) of the Internal Revenue Code covering all employees who meet certain eligibility requirements of HBA International and two of its wholly owned subsidiaries, Art Group International and Purchase Service Limited (collectively, the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") and subsequent amendments. A committee comprised of management employees of the Company administers the Plan. Under the terms of the agreement between the Company and Fidelity Management Trust Company (the "Trustee"), all investments of the Plan are held in a trust by the Trustee.

### Eligibility

Employees are eligible to participate in the Plan if they are 21 years of age or older, have completed three months of service and who are residents of the United States. Participants may begin making elective deferrals on the first day of each plan calendar quarter after the completion of three months of employment. Eligibility to receive an allocation of any discretionary profit sharing contributions requires employment on the last day of the plan year.

### Contributions

Under the terms of the Plan, eligible employees may elect to contribute up to 60% of their pretax annual compensation limited to a maximum annual amount specified by the Internal Revenue Service. The maximum employee contributions eligible for deferral were $18,000 each of the years ended December 31, 2016 and 2015, respectively, plus a $6,000 catch-up provision for those eligible participants who attained age 50 by the end of each respective year. Rollovers from other qualified plans are permitted. Participants direct the investment of their contributions into various investment funds offered by the Plan. The Plan currently offers various mutual funds as investment options for participants.

The Company provides a non-discretionary matching contribution equal to 50% of each participant's contribution, limited to 3% of the participant's annual compensation and subject to certain limitations for certain highly-compensated individuals. In addition, the Company may make annual discretionary matching or profit sharing contributions on behalf of eligible active participants. There was no Company discretionary matching or profit sharing contributions made for 2016.

### Participant accounts

Each participant's account is credited with any salary deferral contributions made by the participant, the Company's nondiscretionary matching contributions, an allocation of discretionary matching and profit sharing contributions, if any, and an allocation of investment earnings (loss) and charged with an allocation of administrative expenses. Allocations of Company discretionary profit sharing contributions, if any, are based on the ratio of an eligible active participant's compensation, up to a maximum specified by the Plan, to the compensation of all eligible active participants. Allocations

## NOTE 1 - DESCRIPTION OF PLAN (continued)

**Participant accounts (continued)**
of Plan earnings or losses and Plan expenses are based on the ratio that a participant's investment in each fund bears to the total balance of all participants invested in that fund.

The benefit to which a participant ultimately is entitled is the value of the participant's account, subject to vesting provisions, upon separation from the Plan or retirement.

**Notes receivable from participants**
Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. Principal and interest are paid ratably through payroll deductions. Loans must be repaid within a maximum of five years unless it is for the purchase of the participant's principal residence in which case the loan repayment period may not extend beyond 10 years from the date of the loan. Notes receivable from participants are secured by the vested balance in each participant's account, bear interest at rates ranging from 4.25% to 4.50% per annum, and mature in various years through 2021.

**Vesting**
Participants are immediately vested in their salary deferral contributions plus actual earnings thereon, as well as Company non-discretionary matching contributions and any rollovers from other plans. Vesting in Company discretionary profit sharing contributions, if any, is 20% after two years of service, with vesting increasing 20% each year thereafter until the sixth year, at which time participants become 100% vested.

Participants become fully vested at the normal retirement age of 65, upon retirement due to disability, upon death or upon termination of the Plan.

**Forfeitures**
Any portion of a participant's account, which is not vested upon separation from service, is forfeited. Forfeited amounts of terminated participants' non-vested accounts are first used to pay Plan administrative expenses, if any. Any remaining forfeitures will be used to reduce the Company's matching contribution.

During the years ended December 31, 2016 and 2015, there were no forfeitures of non-vested participant accounts. Unallocated forfeitures and earnings thereon totaled $6,859 and $6,775 as of December 31, 2016 and 2015, respectively.

**Payment of benefits**
On termination of service due to death, disability, or retirement, a participant may elect to receive annuity payments or a lump-sum amount equal to the value of the participant's vested interest in his or her account. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution. Participants may also elect to rollover their accounts to other tax deferred accounts or remain in the Plan until they are legally required to begin taking distributions. Hardship withdrawals are permitted for participants incurring an immediate and heavy financial need, as defined by the Plan and as allowed by the Internal Revenue Code.

## NOTE 1 - DESCRIPTION OF PLAN (continued)

**Investment options**
Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan provides a variety of investment options with differing risk and growth characteristics. Participants may change their investment allocation and/or transfer their account balances among the various funds at any time.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of accounting**
The accompanying financial statements have been prepared under the accrual method of accounting in accordance with U.S. generally accepted accounting principles.

Investment contracts held by a defined contribution plan are required to be reported at fair value, except for fully benefit-responsive investment contracts. Contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in the Fidelity Managed Income Portfolio Fund (the "MIP Fund"), which is a common collective trust. The MIP Fund invests in fully benefit-responsive investment contracts issued by insurance companies and other financial institutions, and in fixed income securities. The Plan's statements of net assets available for benefits present the contract value of these investment contracts. The statement of changes in net assets available for benefits is prepared using contract value for the fully benefit-responsive investment contracts.

**Use of estimates**
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") requires the Plan administrator to make estimates and assumptions that affect certain reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

**Investment valuation and income recognition**
Investments are reported at fair value except for fully benefit-responsive investment contracts, which are reported at contract value. Fair value is defined as 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 (an exit price). See Note 4 for a discussion of fair value measurements.

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

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Investment valuation and income recognition (continued)**
Management fees and operating expenses charged to the Plan for investments in registered investment companies and common/collective trusts are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments.

**Notes receivable from participants**
Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2016 and 2015. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

**Payment of benefits**
Benefit payments to participants are recorded upon distribution.

**Administrative expenses**
Administrative expenses of the Plan may be paid by the Company or the assets of the Plan. Non-investment costs and administrative expenses of the Plan are paid by the Company, which is a party-in-interest. These expenses, which are not reflected in the accompanying financial statements, constitute exempt party-in-interest transactions under ERISA. Loan establishment, loan maintenance, and short-term trading fees are paid by the Plan's participants and all other investment expenses are offset against the related investment income. Fees paid by the Plan to the custodian for administrative expenses amounted to $4,912 for the year ended December 31, 2016.

**New accounting pronouncements**
In July 2015, the FASB issued ASU 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient*. Part I of the ASU eliminates the requirements to measure the fair value of fully benefit-responsive investment contracts and provide certain disclosures. Contract value is the only required measure for fully benefit-responsive investment contracts. Part II of the ASU eliminates the requirements to disclose individual investments that represent 5 percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. It also simplifies the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. Part III of the ASU is not applicable to the Plan. The ASU is effective for fiscal years beginning after December 15, 2015. Parts I and II are to be applied retrospectively.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**New accounting pronouncements (continued)**
As required, Parts (I) and (II) of the guidance were adopted for the year ended December 31, 2016 and applied retrospectively for the year ended December 31, 2015. Accordingly, for Part (I), the adjustment from fair value to contract value on the statements of net assets have been removed. The adoption of ASU 2015-12 resulted in the reclassification of $5,763 related to the adjustment from fair value to contract value for fully benefit-responsive investment contracts within the statement of net assets as of December 31, 2015. In addition with Part (II), in the Fair Value Measurements note the level of disaggregation of investments that are measured at fair value has been simplified by disaggregating investments by general type instead of disaggregating by nature, characteristics and risks. Furthermore, the Plan has eliminated its historical disclosure of individual investments which comprise 5% or more of total net assets available for benefits, as well as the net appreciation (depreciation) of fair values by type.

**Date of Management's Review**
The Plan's management performed an evaluation of subsequent events through October 6, 2017, the date these financial statements were available to be issued and determined that no events required disclosure.

## NOTE 3 – INFORMATION PREPARED AND CERTIFIED BY TRUSTEE/CUSTODIAN

Fidelity Management Trust Company ("FMTC") is the trustee of the Plan's assets and managed and executed all investment transactions for the years ended December 31, 2016 and 2015. The Plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA.

Accordingly, FMTC has certified that the following data included in the accompanying 2016 and 2015 financial statements and supplemental schedule is complete and accurate with respect to investments:

- Investments at fair value
- Notes receivable from participants
- Net appreciation (depreciation) in fair value of investments
- Interest and dividend income
- Schedule of assets (held at end of year)

The Plan's independent public accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

## NOTE 4 – FAIR VALUE MEASUREMENTS

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits, except for fully benefit-responsive investment contracts, which are reported at contract value. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. The Plan's management determines the Plan's

**NOTE 4 – FAIR VALUE MEASUREMENTS (continued)**

valuation policies. Although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to measure the fair value of certain financial instruments could result in a different fair value at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available. There are no plan assets requiring the use of Level 2 and 3 inputs for the periods presented.

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. An active market for the asset or liability is a market in which the transaction for the asset or liability occurs with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Inputs to the valuation methodology include observable inputs other than Level 1 prices such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets and 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.

## NOTE 4 – FAIR VALUE MEASUREMENTS (continued)

The asset's 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.

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:

| | Investments at Fair Value as of December 31, 2016 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Registered investment company funds | $ 10,802,139 | $ - | $ - | $ 10,802,139 |
| | $ 10,802,139 | $ - | $ - | $ 10,802,139 |
| Common collective trust at contract value | | | | 857,858 |
| Total investments | | | | $ 11,659,997 |

| | Investments at Fair Value as of December 31, 2015 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Registered investment company funds | $ 10,285,209 | $ - | $ - | $ 10,285,209 |
| | $ 10,285,209 | $ - | $ - | $ 10,285,209 |
| Common collective trust at contract value | | | | 843,851 |
| Total investments | | | | $ 11,129,060 |

The fair values of registered investment companies designated as Level 1 investments are based on quoted net asset values of the shares held by the Plan at year-end.

Gains and losses included in changes in net assets available for benefits for the year ended December 31, 2016 are reported in net depreciation in fair value of investments. The Plan's policy is to recognize transfers between Level 1 and Level 2 and into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer. There were no transfers or reclassifications of investments between Level 1, Level 2 or Level 3 within the fair value hierarchy during the year ended December 31, 2016. Furthermore, there were no changes in valuation methodologies used to measure the fair value of the Plan's investments as of and for the year ended December 31, 2016.

## NOTE 5 – GUARANTEED INVESTMENT CONTRACTS WITH INSURANCE COMPANY

The Plan entered into a traditional fully benefit-responsive guaranteed investment contract with Fidelity Investments (Fidelity), the MIP Fund. Fidelity maintains the contributions in a pooled account. The account is credited with actual earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. The overall effective yield and crediting interest rate for the MIP Fund was approximately 2.0% and 1.2%, respectively, for 2016 and 1.9% and 1.2%, respectively, for 2015.

## NOTE 5 – GUARANTEED INVESTMENT CONTRACTS WITH INSURANCE COMPANY (continued)

Because the guaranteed investment contract meets the criteria to be considered fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. The guaranteed investment contract is presented on the face of the statement of net assets available for benefits at contract value.

Contract value, as reported to the Plan by Fidelity, represents contributions made under the contract, plus earnings, less withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

Certain events may limit the ability of the Plan to transact at contract value with Fidelity. Such events include the following: termination of the contract; spinoffs, divestitures, layoffs, corporate relocation; partial or total plan termination; and retirement incentive programs. The Plan administrator does not believe that any events which would limit the Plan's ability to transact at contract value with participants are probable of occurring. There are no reserves against contract value for credit risk of the issuer or otherwise.

## NOTE 6 – RELATED PARTY TRANSACTIONS

The majority of the Plan's assets are shares of registered investment companies and a common collective trust managed by Fidelity Investments, an affiliate of FMTC. FMTC is the trustee, record keeper, and custodian as defined by the Plan and, therefore, these transactions qualify as exempt party-in-interest transactions.

## NOTE 7 – REFUND PAYABLE FOR EXCESS CONTRIBUTIONS

Refunds payable for excess contributions represent amounts owed to participants who made excess contributions based on the compliance testing performed by the Plan's record keeper. As December 31, 2016 and 2015, refunds payable for excess contributions amounted to $6,398 and $17,416, respectively. The refunds payable for excess contributions were returned by the Plan to the participants subsequent to the end of each respective year.

## NOTE 8 – PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

## NOTE 9 – FEDERAL INCOME TAX STATUS

The Plan is qualified under applicable provisions of the Internal Revenue Code and is not subject to federal and state income taxes. Participants are not subject to federal and state income taxes on Company and participant contributions, or on income accruing to their accounts, until they receive distributions from the Plan.

## NOTE 9 – FEDERAL INCOME TAX STATUS (continued)

The Plan adopted a volume submitter plan designed by Fidelity Management Research Company. The volume submitter plan obtained its latest opinion letter dated March 31, 2015, which states that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since the volume submitter plan received the opinion letter; however, the Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC.

U.S. generally accepted accounting principles require the Plan's management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the organization has taken an uncertain 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 asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2013.

## NOTE 10 – RISKS AND UNCERTAINTIES

The Plan, as directed by participants, invests in various types of investment securities. Investment securities are exposed to various risks including interest rate, market, and credit risks. Due to the level of risk of the investment securities and the level of uncertainty related to the change in value of the securities, it is possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

The Plan provides investment options that hold securities of foreign companies, which may involve special risks and considerations not typically associated with investing in U.S. companies. These risks include devaluation of currencies, less reliable information about issuers, different securities transaction clearance and settlement practices, and possible adverse political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than securities of comparable U.S. companies.

## NOTE 11– RECONCILIATION TO THE FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Schedule H of Form 5500 as of December 31, 2016 and 2015:

## NOTE 11– RECONCILIATION TO THE FORM 5500 (continued)

| | 2016 | 2015 |
|---|---|---|
| Net assets available for benefits per the financial statements | $ 11,814,256 | $ 11,259,441 |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | 2,111 | 5,763 |
| Adjustment for refunds payable for excess contributions | 6,398 | 17,416 |
| Net assets available for benefits per the Form 5500 | $ 11,822,765 | $ 11,282,620 |

The following is a reconciliation of contributions per the financial statements to Schedule H of the Form 5500 for the year ended December 31, 2016:

| | |
|---|---|
| Participant contributions per the financial statements | $ 788,898 |
| Adjustment for refunds payable for excess contributions as of December 31, 2016 | 6,398 |
| Participant contributions per the Form 5500 | $ 795,296 |

The following is a reconciliation of interest and dividend income on investments per the financial statements to Schedule H of the Form 5500 for the year ended December 31, 2016:

| | |
|---|---|
| Interest and dividend income on investments per the financial statements | $ 334,476 |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | (3,652) |
| Net investment gain from common/collective trusts | (6,966) |
| Interest and dividend income per the Form 5500 | $ 323,858 |

# SUPPLEMENTAL SCHEDULE

**HIRSCH-BEDNER ASSOCIATES 401(k) PLAN**
**Form 5500, Schedule H, Part IV, Line 4i -**
**Schedule of Assets (Held at End of Year)**
**December 31, 2016**

EIN: 95-6105057
Plan Number: 003

| (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 |
|---|---|---|---|---|
| | | Shares in registered investment company funds: | | |
| * | Fidelity Investments | Fidelity Contrafund | ** | $ 2,508,458 |
| * | Fidelity Investments | Fidelity Diversified International Fund | ** | 1,028,870 |
| * | Fidelity Investments | Fidelity Puritan Fund | ** | 862,756 |
| * | Fidelity Investments | Fidelity Asset Manager 70% Fund | ** | 604,407 |
| | Baron Funds | Baron Asset Fund | ** | 532,259 |
| * | Fidelity Investments | Fidelity 500 Index Fund | ** | 525,867 |
| * | Fidelity Investments | Fidelity Dividend Growth Fund | ** | 480,633 |
| * | Fidelity Investments | Fidelity Ginnie Mae Fund | ** | 474,086 |
| * | Fidelity Investments | Fidelity Freedom 2025 Fund | ** | 427,150 |
| * | Fidelity Investments | Fidelity Asset Manager 50% Fund | ** | 299,442 |
| * | Fidelity Investments | Fidelity Freedom 2030 Fund | ** | 294,094 |
| * | Fidelity Investments | Fidelity Global Balanced Fund | ** | 289,729 |
| * | Fidelity Investments | Fidelity Freedom 2035 Fund | ** | 284,920 |
| | Laudus Funds | Laudus International MarketMasters Fund | ** | 264,586 |
| * | Fidelity Investments | Fidelity Freedom 2050 Fund | ** | 248,679 |
| * | Fidelity Investments | Fidelity Freedom 2040 Fund | ** | 235,449 |
| | Loomis Sayles Funds | Loomis Sayles Small Cap Value Fund | ** | 207,424 |
| * | Fidelity Investments | Fidelity Equity Dividend Income Fund | ** | 177,030 |
| * | Fidelity Investments | Fidelity International Index Fund | ** | 161,574 |
| * | Fidelity Investments | Fidelity Mid Cap Index Fund | ** | 144,028 |
| * | Fidelity Investments | Fidelity Stock Selector Small Cap Fund | ** | 131,068 |
| * | Fidelity Investments | Fidelity Small Cap Index Fund | ** | 122,481 |
| * | Fidelity Investments | Fidelity Freedom 2045 Fund | ** | 120,120 |
| * | Fidelity Investments | Fidelity Freedom 2055 Fund | ** | 110,815 |
| * | Fidelity Investments | Fidelity Freedom Income Fund | ** | 91,672 |
| * | Fidelity Investments | Fidelity Low Priced-Stock Fund | ** | 88,041 |
| * | Fidelity Investments | Fidelity US Bond Index Fund | ** | 51,635 |
| * | Fidelity Investments | Fidelity Freedom 2020 Fund | ** | 30,574 |
| * | Fidelity Investments | Fidelity Freedom 2060 Fund | ** | 3,051 |
| * | Fidelity Investments | Fidelity Freedom 2010 Fund | ** | 1,241 |
| | | Common collective trust: | | |
| * | Fidelity Investments | Managed Income Portfolio Fund | ** | 859,969 |
| | | Receivables: | | |
| * | Participants | Notes receivable from participants (4.25% to 4.50% maturing through 2021) | ** | 19,598 |
| | | | | $ 11,681,706 |

* Denotes party-in-interest

** Disclosure of this information is not required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA when the account is participant-directed.

See report of independent public accountants

# HIRSCH-BEDNER ASSOCIATES 401(k) PLAN

## FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

**December 31, 2016 and 2015**

CALIFORNIA
ACCOUNTANTS
GROUP, LLP

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Woodland Hills, CA 91367

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# Report of Independent Auditors

To the Participants and Plan Administrator of the

**HIRSCH-BEDNER ASSOCIATES 401(k) PLAN**

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Hirsch-Bedner Associates 401(k) Plan, which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and 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 conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

## Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2016 and 2015, that the information provided to the plan administrator by the trustee is complete and accurate.

**Disclaimer of Opinion**

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

**Other Matter**

The supplemental schedule of assets (held at end of year) (schedule H, part IV, line 4i) is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule referred to above.

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

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

California Accountants Group, LLP

Woodland Hills, California
October 6, 2017

**HIRSCH-BEDNER ASSOCIATES 401(k) PLAN**
**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**
**December 31, 2016 and 2015**

| **Assets** | **2016** | **2015** |
|---|---|---|
| Investments, at fair value: | | |
| Registered investment companies at fair value | $ 10,802,139 | $ 10,285,209 |
| Common collective trust at contract value | 857,858 | 843,851 |
| | 11,659,997 | 11,129,060 |
| Receivables: | | |
| Notes receivable from participants | 19,598 | 8,644 |
| Employer contributions receivable | 141,059 | 139,153 |
| | 160,657 | 147,797 |
| **Total assets** | 11,820,654 | 11,276,857 |
| **Liabilities** | | |
| Refunds payable for excess contributions | 6,398 | 17,416 |
| **Total liabilities** | 6,398 | 17,416 |
| **Net assets available for benefits** | $ 11,814,256 | $ 11,259,441 |

The accompanying notes are an integral part of these financial statements.

**HIRSCH-BEDNER ASSOCIATES 401(k) PLAN**
**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**
**Year ended December 31, 2016**

| | | |
|---|---|---|
| **Additions:** | | |
| Contributions: | | |
| Participants | $ | 788,898 |
| Employer | | 141,059 |
| Total contributions | | 929,957 |
| Investment income: | | |
| Net appreciation in fair value of investments | | 258,663 |
| Interest and dividend income on investments | | 334,476 |
| Interest income on notes receivable from participants | | 547 |
| Total investment income | | 593,686 |
| Total additions | | 1,523,643 |
| **Deductions:** | | |
| Benefits paid to participants | | 963,916 |
| Administrative expenses | | 4,912 |
| Total deductions | | 968,828 |
| **Net increase** | | 554,815 |
| **Net assets available for benefits,** beginning of year | | 11,259,441 |
| **Net assets available for benefits,** end of year | $ | 11,814,256 |

The accompanying notes are an integral part of these financial statements.

## NOTE 1 – DESCRIPTION OF PLAN

The following description of the Hirsch-Bedner Associates 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement or Summary Plan Description for a more complete description of the Plan's provisions.

### General

The Plan, which was adopted effective as of October 1, 1990, is a qualified defined contribution plan under Section 401(k) of the Internal Revenue Code covering all employees who meet certain eligibility requirements of HBA International and two of its wholly owned subsidiaries, Art Group International and Purchase Service Limited (collectively, the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") and subsequent amendments. A committee comprised of management employees of the Company administers the Plan. Under the terms of the agreement between the Company and Fidelity Management Trust Company (the "Trustee"), all investments of the Plan are held in a trust by the Trustee.

### Eligibility

Employees are eligible to participate in the Plan if they are 21 years of age or older, have completed three months of service and who are residents of the United States. Participants may begin making elective deferrals on the first day of each plan calendar quarter after the completion of three months of employment. Eligibility to receive an allocation of any discretionary profit sharing contributions requires employment on the last day of the plan year.

### Contributions

Under the terms of the Plan, eligible employees may elect to contribute up to 60% of their pretax annual compensation limited to a maximum annual amount specified by the Internal Revenue Service. The maximum employee contributions eligible for deferral were $18,000 each of the years ended December 31, 2016 and 2015, respectively, plus a $6,000 catch-up provision for those eligible participants who attained age 50 by the end of each respective year. Rollovers from other qualified plans are permitted. Participants direct the investment of their contributions into various investment funds offered by the Plan. The Plan currently offers various mutual funds as investment options for participants.

The Company provides a non-discretionary matching contribution equal to 50% of each participant's contribution, limited to 3% of the participant's annual compensation and subject to certain limitations for certain highly-compensated individuals. In addition, the Company may make annual discretionary matching or profit sharing contributions on behalf of eligible active participants. There was no Company discretionary matching or profit sharing contributions made for 2016.

### Participant accounts

Each participant's account is credited with any salary deferral contributions made by the participant, the Company's nondiscretionary matching contributions, an allocation of discretionary matching and profit sharing contributions, if any, and an allocation of investment earnings (loss) and charged with an allocation of administrative expenses. Allocations of Company discretionary profit sharing contributions, if any, are based on the ratio of an eligible active participant's compensation, up to a maximum specified by the Plan, to the compensation of all eligible active participants. Allocations

## NOTE 1 - DESCRIPTION OF PLAN (continued)

**Participant accounts (continued)**
of Plan earnings or losses and Plan expenses are based on the ratio that a participant's investment in each fund bears to the total balance of all participants invested in that fund.

The benefit to which a participant ultimately is entitled is the value of the participant's account, subject to vesting provisions, upon separation from the Plan or retirement.

**Notes receivable from participants**
Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. Principal and interest are paid ratably through payroll deductions. Loans must be repaid within a maximum of five years unless it is for the purchase of the participant's principal residence in which case the loan repayment period may not extend beyond 10 years from the date of the loan. Notes receivable from participants are secured by the vested balance in each participant's account, bear interest at rates ranging from 4.25% to 4.50% per annum, and mature in various years through 2021.

**Vesting**
Participants are immediately vested in their salary deferral contributions plus actual earnings thereon, as well as Company non-discretionary matching contributions and any rollovers from other plans. Vesting in Company discretionary profit sharing contributions, if any, is 20% after two years of service, with vesting increasing 20% each year thereafter until the sixth year, at which time participants become 100% vested.

Participants become fully vested at the normal retirement age of 65, upon retirement due to disability, upon death or upon termination of the Plan.

**Forfeitures**
Any portion of a participant's account, which is not vested upon separation from service, is forfeited. Forfeited amounts of terminated participants' non-vested accounts are first used to pay Plan administrative expenses, if any. Any remaining forfeitures will be used to reduce the Company's matching contribution.

During the years ended December 31, 2016 and 2015, there were no forfeitures of non-vested participant accounts. Unallocated forfeitures and earnings thereon totaled $6,859 and $6,775 as of December 31, 2016 and 2015, respectively.

**Payment of benefits**
On termination of service due to death, disability, or retirement, a participant may elect to receive annuity payments or a lump-sum amount equal to the value of the participant's vested interest in his or her account. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution. Participants may also elect to rollover their accounts to other tax deferred accounts or remain in the Plan until they are legally required to begin taking distributions. Hardship withdrawals are permitted for participants incurring an immediate and heavy financial need, as defined by the Plan and as allowed by the Internal Revenue Code.

## NOTE 1 - DESCRIPTION OF PLAN (continued)

**Investment options**
Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan provides a variety of investment options with differing risk and growth characteristics. Participants may change their investment allocation and/or transfer their account balances among the various funds at any time.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of accounting**
The accompanying financial statements have been prepared under the accrual method of accounting in accordance with U.S. generally accepted accounting principles.

Investment contracts held by a defined contribution plan are required to be reported at fair value, except for fully benefit-responsive investment contracts. Contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in the Fidelity Managed Income Portfolio Fund (the "MIP Fund"), which is a common collective trust. The MIP Fund invests in fully benefit-responsive investment contracts issued by insurance companies and other financial institutions, and in fixed income securities. The Plan's statements of net assets available for benefits present the contract value of these investment contracts. The statement of changes in net assets available for benefits is prepared using contract value for the fully benefit-responsive investment contracts.

**Use of estimates**
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") requires the Plan administrator to make estimates and assumptions that affect certain reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

**Investment valuation and income recognition**
Investments are reported at fair value except for fully benefit-responsive investment contracts, which are reported at contract value. Fair value is defined as 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 (an exit price). See Note 4 for a discussion of fair value measurements.

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

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Investment valuation and income recognition (continued)**
Management fees and operating expenses charged to the Plan for investments in registered investment companies and common/collective trusts are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments.

**Notes receivable from participants**
Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2016 and 2015. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

**Payment of benefits**
Benefit payments to participants are recorded upon distribution.

**Administrative expenses**
Administrative expenses of the Plan may be paid by the Company or the assets of the Plan. Non-investment costs and administrative expenses of the Plan are paid by the Company, which is a party-in-interest. These expenses, which are not reflected in the accompanying financial statements, constitute exempt party-in-interest transactions under ERISA. Loan establishment, loan maintenance, and short-term trading fees are paid by the Plan's participants and all other investment expenses are offset against the related investment income. Fees paid by the Plan to the custodian for administrative expenses amounted to $4,912 for the year ended December 31, 2016.

**New accounting pronouncements**
In July 2015, the FASB issued ASU 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient*. Part I of the ASU eliminates the requirements to measure the fair value of fully benefit-responsive investment contracts and provide certain disclosures. Contract value is the only required measure for fully benefit-responsive investment contracts. Part II of the ASU eliminates the requirements to disclose individual investments that represent 5 percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. It also simplifies the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. Part III of the ASU is not applicable to the Plan. The ASU is effective for fiscal years beginning after December 15, 2015. Parts I and II are to be applied retrospectively.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**New accounting pronouncements (continued)**
As required, Parts (I) and (II) of the guidance were adopted for the year ended December 31, 2016 and applied retrospectively for the year ended December 31, 2015. Accordingly, for Part (I), the adjustment from fair value to contract value on the statements of net assets have been removed. The adoption of ASU 2015-12 resulted in the reclassification of $5,763 related to the adjustment from fair value to contract value for fully benefit-responsive investment contracts within the statement of net assets as of December 31, 2015. In addition with Part (II), in the Fair Value Measurements note the level of disaggregation of investments that are measured at fair value has been simplified by disaggregating investments by general type instead of disaggregating by nature, characteristics and risks. Furthermore, the Plan has eliminated its historical disclosure of individual investments which comprise 5% or more of total net assets available for benefits, as well as the net appreciation (depreciation) of fair values by type.

**Date of Management's Review**
The Plan's management performed an evaluation of subsequent events through October 6, 2017, the date these financial statements were available to be issued and determined that no events required disclosure.

## NOTE 3 – INFORMATION PREPARED AND CERTIFIED BY TRUSTEE/CUSTODIAN

Fidelity Management Trust Company ("FMTC") is the trustee of the Plan's assets and managed and executed all investment transactions for the years ended December 31, 2016 and 2015. The Plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA.

Accordingly, FMTC has certified that the following data included in the accompanying 2016 and 2015 financial statements and supplemental schedule is complete and accurate with respect to investments:

- Investments at fair value
- Notes receivable from participants
- Net appreciation (depreciation) in fair value of investments
- Interest and dividend income
- Schedule of assets (held at end of year)

The Plan's independent public accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

## NOTE 4 – FAIR VALUE MEASUREMENTS

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits, except for fully benefit-responsive investment contracts, which are reported at contract value. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. The Plan's management determines the Plan's

**NOTE 4 – FAIR VALUE MEASUREMENTS (continued)**

valuation policies. Although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to measure the fair value of certain financial instruments could result in a different fair value at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available. There are no plan assets requiring the use of Level 2 and 3 inputs for the periods presented.

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. An active market for the asset or liability is a market in which the transaction for the asset or liability occurs with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Inputs to the valuation methodology include observable inputs other than Level 1 prices such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets and 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.

## NOTE 4 – FAIR VALUE MEASUREMENTS (continued)

The asset's 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.

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:

| | Investments at Fair Value as of December 31, 2016 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Registered investment company funds | $ 10,802,139 | $ - | $ - | $ 10,802,139 |
| | $ 10,802,139 | $ - | $ - | $ 10,802,139 |
| Common collective trust at contract value | | | | 857,858 |
| Total investments | | | | $ 11,659,997 |

| | Investments at Fair Value as of December 31, 2015 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Registered investment company funds | $ 10,285,209 | $ - | $ - | $ 10,285,209 |
| | $ 10,285,209 | $ - | $ - | $ 10,285,209 |
| Common collective trust at contract value | | | | 843,851 |
| Total investments | | | | $ 11,129,060 |

The fair values of registered investment companies designated as Level 1 investments are based on quoted net asset values of the shares held by the Plan at year-end.

Gains and losses included in changes in net assets available for benefits for the year ended December 31, 2016 are reported in net depreciation in fair value of investments. The Plan's policy is to recognize transfers between Level 1 and Level 2 and into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer. There were no transfers or reclassifications of investments between Level 1, Level 2 or Level 3 within the fair value hierarchy during the year ended December 31, 2016. Furthermore, there were no changes in valuation methodologies used to measure the fair value of the Plan's investments as of and for the year ended December 31, 2016.

## NOTE 5 – GUARANTEED INVESTMENT CONTRACTS WITH INSURANCE COMPANY

The Plan entered into a traditional fully benefit-responsive guaranteed investment contract with Fidelity Investments (Fidelity), the MIP Fund. Fidelity maintains the contributions in a pooled account. The account is credited with actual earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. The overall effective yield and crediting interest rate for the MIP Fund was approximately 2.0% and 1.2%, respectively, for 2016 and 1.9% and 1.2%, respectively, for 2015.

## NOTE 5 – GUARANTEED INVESTMENT CONTRACTS WITH INSURANCE COMPANY (continued)

Because the guaranteed investment contract meets the criteria to be considered fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. The guaranteed investment contract is presented on the face of the statement of net assets available for benefits at contract value.

Contract value, as reported to the Plan by Fidelity, represents contributions made under the contract, plus earnings, less withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

Certain events may limit the ability of the Plan to transact at contract value with Fidelity. Such events include the following: termination of the contract; spinoffs, divestitures, layoffs, corporate relocation; partial or total plan termination; and retirement incentive programs. The Plan administrator does not believe that any events which would limit the Plan's ability to transact at contract value with participants are probable of occurring. There are no reserves against contract value for credit risk of the issuer or otherwise.

## NOTE 6 – RELATED PARTY TRANSACTIONS

The majority of the Plan's assets are shares of registered investment companies and a common collective trust managed by Fidelity Investments, an affiliate of FMTC. FMTC is the trustee, record keeper, and custodian as defined by the Plan and, therefore, these transactions qualify as exempt party-in-interest transactions.

## NOTE 7 – REFUND PAYABLE FOR EXCESS CONTRIBUTIONS

Refunds payable for excess contributions represent amounts owed to participants who made excess contributions based on the compliance testing performed by the Plan's record keeper. As December 31, 2016 and 2015, refunds payable for excess contributions amounted to $6,398 and $17,416, respectively. The refunds payable for excess contributions were returned by the Plan to the participants subsequent to the end of each respective year.

## NOTE 8 – PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

## NOTE 9 – FEDERAL INCOME TAX STATUS

The Plan is qualified under applicable provisions of the Internal Revenue Code and is not subject to federal and state income taxes. Participants are not subject to federal and state income taxes on Company and participant contributions, or on income accruing to their accounts, until they receive distributions from the Plan.

## NOTE 9 – FEDERAL INCOME TAX STATUS (continued)

The Plan adopted a volume submitter plan designed by Fidelity Management Research Company. The volume submitter plan obtained its latest opinion letter dated March 31, 2015, which states that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since the volume submitter plan received the opinion letter; however, the Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC.

U.S. generally accepted accounting principles require the Plan's management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the organization has taken an uncertain 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 asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2013.

## NOTE 10 – RISKS AND UNCERTAINTIES

The Plan, as directed by participants, invests in various types of investment securities. Investment securities are exposed to various risks including interest rate, market, and credit risks. Due to the level of risk of the investment securities and the level of uncertainty related to the change in value of the securities, it is possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

The Plan provides investment options that hold securities of foreign companies, which may involve special risks and considerations not typically associated with investing in U.S. companies. These risks include devaluation of currencies, less reliable information about issuers, different securities transaction clearance and settlement practices, and possible adverse political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than securities of comparable U.S. companies.

## NOTE 11– RECONCILIATION TO THE FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Schedule H of Form 5500 as of December 31, 2016 and 2015:

## NOTE 11– RECONCILIATION TO THE FORM 5500 (continued)

| | 2016 | 2015 |
|---|---|---|
| Net assets available for benefits per the financial statements | $ 11,814,256 | $ 11,259,441 |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | 2,111 | 5,763 |
| Adjustment for refunds payable for excess contributions | 6,398 | 17,416 |
| Net assets available for benefits per the Form 5500 | $ 11,822,765 | $ 11,282,620 |

The following is a reconciliation of contributions per the financial statements to Schedule H of the Form 5500 for the year ended December 31, 2016:

| | |
|---|---|
| Participant contributions per the financial statements | $ 788,898 |
| Adjustment for refunds payable for excess contributions as of December 31, 2016 | 6,398 |
| Participant contributions per the Form 5500 | $ 795,296 |

The following is a reconciliation of interest and dividend income on investments per the financial statements to Schedule H of the Form 5500 for the year ended December 31, 2016:

| | |
|---|---|
| Interest and dividend income on investments per the financial statements | $ 334,476 |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | (3,652) |
| Net investment gain from common/collective trusts | (6,966) |
| Interest and dividend income per the Form 5500 | $ 323,858 |

# SUPPLEMENTAL SCHEDULE

**HIRSCH-BEDNER ASSOCIATES 401(k) PLAN**
**Form 5500, Schedule H, Part IV, Line 4i -**
**Schedule of Assets (Held at End of Year)**
**December 31, 2016**

EIN: 95-6105057
Plan Number: 003

| (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 |
|---|---|---|---|---|
| | | Shares in registered investment company funds: | | |
| * | Fidelity Investments | Fidelity Contrafund | ** | $ 2,508,458 |
| * | Fidelity Investments | Fidelity Diversified International Fund | ** | 1,028,870 |
| * | Fidelity Investments | Fidelity Puritan Fund | ** | 862,756 |
| * | Fidelity Investments | Fidelity Asset Manager 70% Fund | ** | 604,407 |
| | Baron Funds | Baron Asset Fund | ** | 532,259 |
| * | Fidelity Investments | Fidelity 500 Index Fund | ** | 525,867 |
| * | Fidelity Investments | Fidelity Dividend Growth Fund | ** | 480,633 |
| * | Fidelity Investments | Fidelity Ginnie Mae Fund | ** | 474,086 |
| * | Fidelity Investments | Fidelity Freedom 2025 Fund | ** | 427,150 |
| * | Fidelity Investments | Fidelity Asset Manager 50% Fund | ** | 299,442 |
| * | Fidelity Investments | Fidelity Freedom 2030 Fund | ** | 294,094 |
| * | Fidelity Investments | Fidelity Global Balanced Fund | ** | 289,729 |
| * | Fidelity Investments | Fidelity Freedom 2035 Fund | ** | 284,920 |
| | Laudus Funds | Laudus International MarketMasters Fund | ** | 264,586 |
| * | Fidelity Investments | Fidelity Freedom 2050 Fund | ** | 248,679 |
| * | Fidelity Investments | Fidelity Freedom 2040 Fund | ** | 235,449 |
| | Loomis Sayles Funds | Loomis Sayles Small Cap Value Fund | ** | 207,424 |
| * | Fidelity Investments | Fidelity Equity Dividend Income Fund | ** | 177,030 |
| * | Fidelity Investments | Fidelity International Index Fund | ** | 161,574 |
| * | Fidelity Investments | Fidelity Mid Cap Index Fund | ** | 144,028 |
| * | Fidelity Investments | Fidelity Stock Selector Small Cap Fund | ** | 131,068 |
| * | Fidelity Investments | Fidelity Small Cap Index Fund | ** | 122,481 |
| * | Fidelity Investments | Fidelity Freedom 2045 Fund | ** | 120,120 |
| * | Fidelity Investments | Fidelity Freedom 2055 Fund | ** | 110,815 |
| * | Fidelity Investments | Fidelity Freedom Income Fund | ** | 91,672 |
| * | Fidelity Investments | Fidelity Low Priced-Stock Fund | ** | 88,041 |
| * | Fidelity Investments | Fidelity US Bond Index Fund | ** | 51,635 |
| * | Fidelity Investments | Fidelity Freedom 2020 Fund | ** | 30,574 |
| * | Fidelity Investments | Fidelity Freedom 2060 Fund | ** | 3,051 |
| * | Fidelity Investments | Fidelity Freedom 2010 Fund | ** | 1,241 |
| | | Common collective trust: | | |
| * | Fidelity Investments | Managed Income Portfolio Fund | ** | 859,969 |
| | | Receivables: | | |
| * | Participants | Notes receivable from participants (4.25% to 4.50% maturing through 2021) | ** | 19,598 |
| | | | | $ 11,681,706 |

* Denotes party-in-interest

** Disclosure of this information is not required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA when the account is participant-directed.

See report of independent public accountants