# Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Annual Return/Report of Employee Benefit Plan

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

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

OMB Nos. 1210-0110
1210-0089

**2016**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

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

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

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

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

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

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

**1a** Name of plan
HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN

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

**1c** Effective date of plan 08/01/1984

**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)
HFT HOLDINGS, INC.

26541 AGOURA ROAD
CALABASAS, CA 91302

**2b** Employer Identification Number (EIN) 27-2501498

**2c** Plan Sponsor's telephone number 818-836-5001

**2d** Business code (see instructions) 453990

**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. | 10/16/2017 | TOMAS KOKKO |
| | **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** | 10515 |
| **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)** | 10225 |
| **a(2)** | Total number of active participants at the end of the plan year | **6a(2)** | 11068 |
| **b** | Retired or separated participants receiving benefits | **6b** | 0 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 294 |
| **d** | Subtotal. Add lines **6a(2)**, **6b**, and **6c**. | **6d** | 11362 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. | **6e** | 1 |
| **f** | Total. Add lines **6d** and **6e**. | **6f** | 11363 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 2372 |
| **h** | Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 35 |
| **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 3H

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

**9a** Plan funding arrangement (check all that apply)

- **(1)** [ ] Insurance
- **(2)** [ ] Code section 412(e)(3) insurance contracts
- **(3)** [X] Trust
- **(4)** [ ] General assets of the sponsor

**9b** Plan benefit arrangement (check all that apply)

- **(1)** [ ] Insurance
- **(2)** [ ] Code section 412(e)(3) insurance contracts
- **(3)** [X] Trust
- **(4)** [ ] General assets of the sponsor

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

**a Pension Schedules**

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

**b General Schedules**

- **(1)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [ ] ___ **A** (Insurance Information)
- **(4)** [X] **C** (Service Provider Information)
- **(5)** [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
HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN

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

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

**D** Employer Identification Number (EIN)
27-2501498

## 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

AMERICAN FUNDS

95-1411037

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

WILMINGTON MUTUAL FUNDS

51-0055023

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

RELIANCE

58-1428631

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

NORTHERN FUNDS

39-1777365

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

EAGLE FUNDS

59-2385219

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

HARBOR

04-2679462

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

IVY FUNDS

04-6006759

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

JOHN HANCOCK

04-3483032

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

MFS

04-2747644

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

VANGUARD

23-1945930

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

VICTORY

13-2700161

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

METROPOLITAN WEST

95-4597302

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

MASSMUTUAL

04-1590850

**(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)

WELLS FARGO BANK, N.A.

94-1347393

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 15 21 49 50 52 62 63 64 37 | SERVICE PROVIDER | 141939 | Yes [X] No [ ] | Yes [X] No [ ] | 0 | Yes [ ] No [X] |

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

CAP TRUST

26-0058143

| (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? |
|---|---|---|---|---|---|---|
| 27 63 | INVESTMENT ADVISOR | 41036 | Yes [X] No [ ] | Yes [X] No [ ] | 0 | Yes [ ] No [X] |

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

HOLTHOUSE CARLIN & VAN TRIGHT

95-4345526

| (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? |
|---|---|---|---|---|---|---|
| 10 | AUDITOR | 16264 | Yes [ ] No [X] | 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)

MILLER KAPLAN ARASE, LLP

95-2036255

| (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? |
|---|---|---|---|---|---|---|
| 10 | AUDITOR | 14500 | Yes [ ] No [X] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

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

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

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

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

## Part I Service Provider Information (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

(complete as many entries as needed)

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

# SCHEDULE 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
HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN

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

**C** Plan or DFE sponsor's name as shown on line 2a of Form 5500
HFT HOLDINGS, INC.

**D** Employer Identification Number (EIN)
27-2501498

**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: WELLS FARGO STABLE RETURN FUND N

**b** Name of sponsor of entity listed in (a): WELLS FARGO BANK, N.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) |
|---|---|---|
| 52-2251407-001 | C | 31318 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: RELIANCE TRUST CO./NY LF ANCHOR S

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

| **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) |
|---|---|---|
| 46-6350416-001 | C | 351589 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: WILMINGTON TR. CO. AGGRESSIVE MANAG

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

| **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) |
|---|---|---|
| 46-3787800-184 | C | 6198680 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: WILMINGTON TR. CO CONSER MANAGED

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

| **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) |
|---|---|---|
| 46-3750663-181 | C | 10755599 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: WILMINGTON TR. CO. GR MANAGED ACCT.

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

| **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) |
|---|---|---|
| 46-3773972-183 | C | 10640092 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: WILMINGTON TR. CO. IN MANAGED ACCT.

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

| **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) |
|---|---|---|
| 46-3745190-180 | C | 1269245 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: WILMINGTON TR. CO. MODERATE MANAGED

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

| **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) |
|---|---|---|
| 46-3768480-182 | C | 12188922 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: NORTHERN TRUST AGG. BOND INDEX FUND

**b** Name of sponsor of entity listed in (a): NORTHERN TRUST GLOBAL INVESTMENTS

| **c** EIN-PN 45-6138589-088 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 358406 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: NORTHERN TRUST EXT. MARKET INDEX FD

**b** Name of sponsor of entity listed in (a): NORTHERN TRUST GLOBAL INVESTMENTS

| **c** EIN-PN 45-6138589-110 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 523897 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: NORTHERN TRUST S&P 500 INDEX FUND

**b** Name of sponsor of entity listed in (a): NORTHERN TRUST GLOBAL INVESTMENTS

| **c** EIN-PN 45-6138589-002 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 2552889 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: NORTHERN TRUST ACWI EX-US IMI FUND

**b** Name of sponsor of entity listed in (a): NORTHERN TRUST GLOBAL INVESTMENTS

| **c** EIN-PN 45-6138589-103 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 334756 |
|---|---|---|

**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
HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN

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

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

**D** Employer Identification Number (EIN)
27-2501498

## Part I Asset and Liability Statement

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

| Assets | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | 1a | | |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | | |
| **(2)** Participant contributions | 1b(2) | | |
| **(3)** Other | 1b(3) | | |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | | |
| **(2)** U.S. Government securities | 1c(2) | | |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | 1c(3)(A) | | |
| **(B)** All other | 1c(3)(B) | | |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | 1c(4)(A) | | |
| **(B)** Common | 1c(4)(B) | | |
| **(5)** Partnership/joint venture interests | 1c(5) | | |
| **(6)** Real estate (other than employer real property) | 1c(6) | | |
| **(7)** Loans (other than to participants) | 1c(7) | | |
| **(8)** Participant loans | 1c(8) | 1478622 | 1783866 |
| **(9)** Value of interest in common/collective trusts | 1c(9) | 35819378 | 45205393 |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | | |
| **(11)** Value of interest in master trust investment accounts | 1c(11) | | |
| **(12)** Value of interest in 103-12 investment entities | 1c(12) | | |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | 1c(13) | 5406468 | 3944503 |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | 1190 | 22708 |

| | | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|---|
| **1d** | Employer-related investments: | | | |
| | **(1)** Employer securities | 1d(1) | | |
| | **(2)** Employer real property | 1d(2) | | |
| **e** | Buildings and other property used in plan operation | 1e | | |
| **f** | Total assets (add all amounts in lines 1a through 1e) | 1f | 42705658 | 50956470 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | | |
| **h** | Operating payables | 1h | | |
| **i** | Acquisition indebtedness | 1i | | |
| **j** | Other liabilities | 1j | | |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | 0 | 0 |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 42705658 | 50956470 |

## 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) | 2648384 | |
| | **(B)** Participants | 2a(1)(B) | 5913713 | |
| | **(C)** Others (including rollovers) | 2a(1)(C) | 970038 | |
| | **(2)** Noncash contributions | 2a(2) | | |
| | **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 9532135 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | | |
| | **(B)** U.S. Government securities | 2b(1)(B) | | |
| | **(C)** Corporate debt instruments | 2b(1)(C) | | |
| | **(D)** Loans (other than to participants) | 2b(1)(D) | | |
| | **(E)** Participant loans | 2b(1)(E) | 70463 | |
| | **(F)** Other | 2b(1)(F) | | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 70463 |
| | **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | | |
| | **(B)** Common stock | 2b(2)(B) | 85 | |
| | **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | 75266 | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 75351 |
| | **(3)** Rents | 2b(3) | | |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | 21363 | |
| | **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | 22155 | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | -792 |
| | **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | 2b(5)(A) | | |
| | **(B)** Other | 2b(5)(B) | 416 | |
| | **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | 416 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| (6) Net investment gain (loss) from common/collective trusts | 2b(6) | | 2928708 |
| (7) Net investment gain (loss) from pooled separate accounts | 2b(7) | | |
| (8) Net investment gain (loss) from master trust investment accounts | 2b(8) | | |
| (9) Net investment gain (loss) from 103-12 investment entities | 2b(9) | | |
| (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | 360149 |
| c Other income | 2c | | 12052 |
| d Total income. Add all **income** amounts in column (b) and enter total | 2d | | 12978482 |
| **Expenses** | | | |
| e Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 4514459 | |
| (2) To insurance carriers for the provision of benefits | 2e(2) | | |
| (3) Other | 2e(3) | | |
| (4) Total benefit payments. Add lines **2e(1)** through **(3)** | 2e(4) | | 4514459 |
| f Corrective distributions (see instructions) | 2f | | |
| g Certain deemed distributions of participant loans (see instructions) | 2g | | -527 |
| h Interest expense | 2h | | |
| i Administrative expenses: (1) Professional fees | 2i(1) | | |
| (2) Contract administrator fees | 2i(2) | | |
| (3) Investment advisory and management fees | 2i(3) | | |
| (4) Other | 2i(4) | 213738 | |
| (5) Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 213738 |
| j Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 4727670 |
| **Net Income and Reconciliation** | | | |
| k Net income (loss). Subtract line **2j** from line **2d** | 2k | | 8250812 |
| l Transfers of assets: | | | |
| (1) To this plan | 2l(1) | | |
| (2) From this plan | 2l(2) | | |

## Part III Accountant's Opinion

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

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

**(1)** ☐ Unqualified **(2)** ☐ Qualified **(3)** ☒ 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: MILLER KAPLAN ARASE LLP **(2)** EIN: 95-2036255

**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 | | 5000000 |
| f | Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | |
| g | Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | | X | |
| h | Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | |
| i | Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | X | | |
| j | Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) | 4j | | X | |
| k | Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | |
| l | Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| m | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | X | |
| n | If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3 | 4n | | | |
| o | Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service? | 4o | | | |

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

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

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

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

## Part V Trust Information

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

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

# SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Retirement Plan Information

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

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

OMB No. 1210-0110

**2016**

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

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

**A** Name of plan
HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN

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

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

**D** Employer Identification Number (EIN)
27-2501498

## Part I Distributions

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

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

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

EIN(s): 41-6257133

**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 _____/_____/_____.

# HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN

## FINANCIAL STATEMENTS

## DECEMBER 31, 2016 AND 2015

HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN

# INDEX


| | | Page No. |
|---|---|---|
| INDEPENDENT AUDITORS' REPORT | | 1-2 |
| EXHIBIT "A" | - Statements of Net Assets Available for Benefits as of December 31, 2016 and 2015 | 3 |
| EXHIBIT "B" | - Statement of Changes in Net Assets Available for Benefits - January 1, 2016 to December 31, 2016 | 4 |
| NOTES TO FINANCIAL STATEMENTS | | 5-10 |
| SUPPLEMENTAL SCHEDULE | | |
| SCHEDULE 1 | - Schedule of Assets (Held At End of Year) - December 31, 2016 | 11 |

# INDEPENDENT AUDITORS' REPORT

Plan Committee
Harbor Freight Tools Retirement Savings Plan
26541 Agoura Road
Calabasas, California 91302

Members of the Committee:

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Harbor Freight Tools Retirement Savings Plan (the "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

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from 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 5, which was certified by Wells Fargo Bank, N.A., the trustee of the Plan, except for comparing such 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 December 31, 2016 and 2015, and for the year ended December 31, 2016, 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) as of December 31, 2016 is required by the Department of Labor's (DOL) 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 this supplemental schedule.

**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.

Miller Kaplan Arase LLP

MILLER KAPLAN ARASE LLP
North Hollywood, California
October 2, 2017

EXHIBIT "A"

# HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN
## STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| ASSETS | | |
| INVESTMENTS, AT FAIR VALUE | $ 49,172,604 | $ 41,227,036 |
| RECEIVABLES | | |
| Employer Contributions | 946,551 | 336,074 |
| Notes Receivable from Participants | 1,783,866 | 1,478,622 |
| TOTAL RECEIVABLES | 2,730,417 | 1,814,696 |
| TOTAL ASSETS | 51,903,021 | 43,041,732 |
| LIABILITIES | | |
| Excess Contributions Payable | 550,347 | 50,129 |
| NET ASSETS AVAILABLE FOR BENEFITS | $ 51,352,674 | $ 42,991,603 |

(Attached notes are an integral part of these financial statements)

EXHIBIT "B"

# HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN
## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
## JANUARY 1, 2016 TO DECEMBER 31, 2016

| | | |
|---|---|---|
| ADDITIONS | | |
| INVESTMENT INCOME | | |
| Interest and Dividends | $ 75,350 | |
| Net Appreciation of Investments | 3,273,831 | |
| TOTAL INVESTMENT INCOME | | $ 3,349,181 |
| CONTRIBUTIONS AND OTHER ADDITIONS | | |
| Employer Contributions | $ 2,785,379 | |
| Employee Contributions | 5,875,416 | |
| Rollovers | 970,038 | |
| Other Income | 13,334 | |
| Interest on Notes Receivable from Participants | 70,463 | |
| TOTAL CONTRIBUTIONS AND OTHER ADDITIONS | | 9,714,630 |
| TOTAL ADDITIONS | | 13,063,811 |
| DEDUCTIONS | | |
| Benefits | $ 4,489,002 | |
| Administrative Expenses | 213,738 | |
| TOTAL DEDUCTIONS | | 4,702,740 |
| NET INCREASE | | 8,361,071 |
| NET ASSETS AVAILABLE FOR BENEFITS | | |
| Beginning of Year | | 42,991,603 |
| End of Year | | $ 51,352,674 |

(Attached notes are an integral part of these financial statements)

## NOTE 1 - DESCRIPTION OF THE PLAN

The Harbor Freight Tools Retirement Savings Plan (the "Plan") is a defined contribution plan established on August 1, 1984 to provide tax-deferred savings opportunities to eligible employees, as defined in the Plan, of HFT Holdings, Inc. and affiliates (the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The assets of the Plan are held in a trust by Wells Fargo Bank, N.A., the trustee of the Plan (Note 5).

THE PLAN DOCUMENT INCLUDES DETAILED RULES FOR EACH SITUATION. PARTICIPANTS AND OTHER INTERESTED PARTIES SHOULD REFER TO THE PLAN AGREEMENT AND ANY AMENDMENTS REGARDING SPECIFIC PROVISIONS OF THE PLAN.

### A. Eligibility

The Plan covers all eligible employees of the Company, except union members and nonresident aliens.

Company employees are eligible to participate in the Plan upon completion of 6 months of service and attaining age 21.

### B. Benefits

Benefits under the Plan begin when a participant retires, becomes disabled, dies or ceases to be an employee, whichever applies. Normal retirement age is 65. Hardship withdrawals are permitted.

### C. Vesting

Participants are immediately vested in their voluntary contributions, rollover contributions, and earnings thereon. Company contributions are vested as follows:

| Vesting Service (Years) | Vesting Percentage (%) |
|---|---|
| Less than 1 | 0 |
| 1 | 33 |
| 2 | 66 |
| 3 | 100 |

### D. Contributions

Plan participants may defer up to 100% of their pretax annual compensation, as defined in the Plan, subject to certain limitations under the Internal Revenue Code (the "Code"). The Plan was restated effective December 2, 2014, to limit highly compensated participants to contribute up to a maximum of two percent of pretax annual compensation, as defined in the Plan. Participants may also make Roth elective deferrals to the Plan and catch-up contributions for individuals over age 50. Participants may contribute amounts representing distributions from other eligible retirement plans, as defined in the Plan.

The Company's matching contribution is at a discretionary rate to be determined by the Company's Board of Directors, paid to participants who were employed on the last day of the quarter. For the year ended December 31, 2016, the Company matched participants deferrals at a rate of 100% up to 3% of eligible compensation.

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

D. Contributions (Continued)

The Company may also make a discretionary nonelective contribution, as determined by the Board of Directors. The Company did not make any discretionary nonelective contributions to the Plan for the year ended December 31, 2016.

E. Participant Accounts

Each participant's account is credited with the participant's contributions and Company matching contributions, as well as allocations of the Company's discretionary nonelective contributions, if any, and Plan earnings, and charged with any withdrawals or distributions requested by the participant, investment gains and losses and allocation of administrative expenses, if applicable. Allocations are based on the participant's earnings or account balances, as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

F. Notes Receivable from Participants

The Plan permits participants to borrow from their accounts. The loans may not exceed the lesser of 50% of a participant's vested account balance or $50,000, reduced by the highest outstanding loan balance of the participant from the Plan during the one-year period ending on the day before the date on which the loan was made. The loans bear interest at a fixed rate based on the prime rate at the date of the loan, plus 1%. Loans for active participants are repaid through payroll withholdings, generally over five years, although participants may select a shorter term. The Plan provides for longer maturities if the loan is used to acquire the principal residence of the participant. The number of loans per participant is limited to one.

G. Forfeitures

When a participant terminates employment for reasons other than retirement, disability, or death, the nonvested portion of his or her Company contributions will be forfeited and will be used to pay Plan administrative expenses or reduce future Company contributions. Forfeitures of $31,680 were utilized during the year ended December 31, 2016. As of December 31, 2016 and 2015, forfeitures totaling $19,600 and $18,513, respectively, were available for future use.

H. Administrative Expenses

Certain administrative expenses incidental to the administration of the Plan, including fees of the trustee and independent public accountants may be paid by the Plan. Administrative expenses not paid by the Company are paid by the Plan.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accounts of the Plan are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Estimates

The preparation of financial statements in conformity with GAAP requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

C. Risks and Uncertainties

Plan investments are exposed to various risks such as interest rate, market fluctuations and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the value of investment securities in the near term could materially affect the amounts reported in the statements of net assets available for benefits and statement of changes in net assets available for benefits.

D. Payments of Benefits

Benefits are recorded when paid.

E. Investment Valuation and Income Recognition

The participants select how their share of plan assets will be invested among those investment vehicles made available.

GAAP establishes a fair value hierarchy that prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market:

Level 1 – Inputs are based on quoted prices in an active market.

Level 2 – Inputs are based on quoted prices for similar instruments and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.

Level 3 – Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The following tables summarize the Plan's investments at December 31, 2016 and 2015 based on the inputs used to value them:

| | December 31, 2016 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds | $ 3,944,503 | $ - | $ - | $ 3,944,503 |
| Self-Directed Brokerage Accounts - Common Stock | 15,132 | - | - | 15,132 |
| Total Assets in the Fair Value Hierarchy | $ 3,959,635 | $ - | $ - | 3,959,635 |
| Investments Measured at Net Asset Value[A] | | | | 45,212,969 |
| | | | | $ 49,172,604 |

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Investment Valuation and Income Recognition (Continued)

| | December 31, 2015 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds | $ 5,406,465 | $ - | $ - | $ 5,406,465 |
| Self-Directed Brokerage Accounts: | | | | |
| Money Market | 73 | - | - | 73 |
| Common Stock | 1,117 | - | - | 1,117 |
| Total Assets in the Fair Value Hierarchy | $ 5,407,655 | $ - | $ - | 5,407,655 |
| Investments Measured at Net Asset Value[A] | | | | 35,819,381 |
| | | | | $ 41,227,036 |

[A] In accordance with ASU 2015-07, investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

The following table summarizes investments for which fair value is measured using the net assets value per share practical expedient as of December 31, 2016 and 2015, respectively. There are no participant redemption restrictions for these investments; the redemption notice periods are applicable only to the Plan.

| | Fair Value at December 31, | | Unfunded | Redemption | Redemption |
|---|---|---|---|---|---|
| | 2016 | 2015 | Commitments | Frequency | Notice Period |
| Wells Fargo Stable Return Fund | $ 31,315 | $ 73,916 | None | Daily | 12 months |
| Reliance Trust NY Life Anchor Account | 351,589 | 212,564 | None | Daily | 12 months |
| Wilmington Trust Income Managed Account Portfolio | 1,269,245 | 1,551,165 | None | Daily | 30 days |
| Wilmington Trust Conservative Managed Account Portfolio | 10,755,600 | 9,641,817 | None | Daily | 30 days |
| Wilmington Trust Moderate Managed Account Portfolio | 12,188,923 | 10,905,482 | None | Daily | 30 days |
| Wilmington Trust Growth Managed Account Portfolio | 10,640,094 | 8,653,972 | None | Daily | 30 days |
| Wilmington Trust Aggressive Managed Account Portfolio | 6,198,680 | 4,780,465 | None | Daily | 30 days |
| Northern Trust Extended Market Index Fund | 523,896 | - | None | Daily | 30 days |
| Northern Trust S&P Index Fund | 2,552,889 | - | None | Daily | 30 days |
| Northern Trust ACWI ex US IMI Fund | 334,756 | - | None | Daily | 30 days |
| Northern Trust Aggressive Bond Index Fund | 358,406 | - | None | Daily | 30 days |
| Self-Directed Brokerage Accounts | 7,576 | - | None | Daily | None |
| | $ 45,212,969 | $ 35,819,381 | | | |

Level 1 investments consist of mutual funds, money market funds and common stock, all of which are valued based on quoted market prices in active markets.

Purchases and sales of investments are reported on a trade-date basis. Interest and dividends are reported on the accrual basis.

F. New Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued the following Accounting Standards Updates (ASU), which the Plan has adopted effective December 31, 2016.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. New Accounting Pronouncements (Continued)

ASU 2015-07 *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* provides that entities measuring investments at net asset value per share (NAV) as a practical expedient are no longer required to categorize such investments within the fair value hierarchy. The investments should still be included in the total column of the entity's ACS 820 disclosure to permit reconciliation to amounts presented in the financial statements. Certain disclosures continue to be required for each class of investment measured using the practical expedient to enable users to understand the nature and risks of investments measured at NAV. ASU 2015-07 is effective for fiscal years beginning after December 15, 2015. Earlier application is permitted.

ASU 2015-12 *Plan Accounting: Topic 960, Defined Benefit Pension Plans; Topic 962, Defined Contribution Pension Plans; Topic 965, Health and Welfare Benefit Plans* includes three parts. Part I designates contract value as the only required measure for fully benefit-responsive investment contracts. Part II eliminates the requirement to disclose individual investments that represent 5% or more of net assets available for benefits and the requirement to disclose net appreciation (depreciation) in fair value of investments by general type of investment. In addition, Part II provides for employee benefit plan investments to be grouped and presented by general type and eliminates the requirement to disaggregate investments in multiple ways. Part III provides a practical expedient that permits employee benefit plans to measure investments and investment-related accounts as of a month-end date that is closest to the plan's fiscal year-end when the fiscal period does not coincide with a month end. ASU 2015-12 is effective for fiscal years beginning after December 15, 2015. Earlier application is permitted. Parts I and II are applied retrospectively for all periods presented; Part III is applied prospectively.

NOTE 3 - INCOME TAX STATUS

The Company adopted a volume submitter profit sharing plan which is the subject of a favorable tax opinion letter from the Internal Revenue Service, dated March 31, 2014. The Company routinely self reviews the administration of the Plan and self-corrects any compliance issues in accordance with the Employee Plans Compliance Resolution system. The Company believes that the Plan, as amended, currently is designed and being operated in compliance with the applicable requirements of the Code and, accordingly, the plan administrator believes that the Plan is exempt from income taxes.

GAAP requires management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken a tax position that more likely that not would not be sustained upon examination by a tax authority. The Plan is subject to routine audits by taxing jurisdictions.

Currently, the Plan is being audited by the Department of Labor and by Internal Revenue Service for the periods January 1, 2013 through September 15, 2016 and January 1, 2014 through December 31, 2014, respectively.

NOTE 4 - 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 would become 100% vested in their accounts and Plan assets would be distributed based upon the participants' account balances at that time.

## NOTE 5 - FINANCIAL INFORMATION CERTIFIED BY THE TRUSTEE

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Information regarding investments held at December 31, 2016 and 2015 and investment income for the year ended December 31, 2016 that is disclosed in the accompanying financial statements and supplemental schedule was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by Wells Fargo Bank, N.A., the trustee of the Plan.

## NOTE 6 - RELATED PARTY TRANSACTIONS

Certain investments held by the Plan are issued and managed by the trustee or its affiliates. Transactions related to these investments qualify as party-in-interest transactions; however, they are exempt from the prohibition under ERISA.

## NOTE 7 - RECONCILIATION OF FINANCIAL STATEMENTS TO THE FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| Net Assets Available for Benefits Per the Financial Statements | $ 51,352,674 | $ 42,991,603 |
| Add: Excess Contributions Payable | 550,347 | 50,129 |
| Less: Employer Contributions Receivable | (946,551) | (336,074) |
| Net Assets Per the Form 5500 | $ 50,956,470 | $ 42,705,658 |

The following is a reconciliation of the net increase per the financial statements to the Form 5500:

| | January 1, 2016 to December 31, 2016 |
|---|---|
| Net Increase per the Financial Statements | $ 8,361,071 |
| Less: Change in Employer Contributions Receivable | (610,477) |
| Change in Excess Contributions Payable | 500,218 |
| Net Income Per the Form 5500 | $ 8,250,812 |

## NOTE 8 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 2, 2017, the date on which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.

# SUPPLEMENTAL SCHEDULE

SCHEDULE 1

HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN
FORM 5500
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
E.I.N. 27-2501498; PLAN NO. 002
DECEMBER 31, 2016

| Identity of Issuer | Description | Fair Value |
|---|---|---|
| * Wells Fargo Stable Return Fund | Common/Collective Trust | $ 31,315 |
| Reliance Trust NY Life Anchor Account | Common/Collective Trust | 351,589 |
| Wilmington Trust Income Managed Account Portfolio | Collective Investment Trust | 1,269,245 |
| Wilmington Trust Conservative Managed Account Portfolio | Collective Investment Trust | 10,755,600 |
| Wilmington Trust Moderate Managed Account Portfolio | Collective Investment Trust | 12,188,923 |
| Wilmington Trust Growth Managed Account Portfolio | Collective Investment Trust | 10,640,094 |
| Wilmington Trust Aggressive Managed Account Portfolio | Collective Investment Trust | 6,198,680 |
| Northern Trust Extended Market Index Fund | Collective Investment Trust | 523,896 |
| Northern Trust S&P Index Fund | Collective Investment Trust | 2,552,889 |
| Northern Trust ACWI ex US IMI Fund | Collective Investment Trust | 334,756 |
| Northern Trust Aggressive Bond Index Fund | Collective Investment Trust | 358,406 |
| John Hancock Disciplined Value Fund | Mutual Fund | 610,973 |
| Harbor Capital Appreciation Fund | Mutual Fund | 849,839 |
| MFS Mid Cap Value Fund | Mutual Fund | 518,997 |
| American Funds EuroPacific Growth Fund | Mutual Fund | 415,735 |
| Victory Integrity Small Cap Value Fund | Mutual Fund | 372,825 |
| Eagle Small Cap Growth Fund | Mutual Fund | 532,628 |
| Metropolitan West Total Return Bond Fund | Mutual Fund | 312,716 |
| Mass Mutual Select Mid Cap Growth Equity Fund | Mutual Fund | 330,790 |
| Plan Participants | Self-Directed Brokerage Accounts | 22,708 |
| * Participant Loans | 4.25% to 8.25% Secured Maturities through 2043 | 1,783,866 |
| | | $ 50,956,470 |

* Party-in-Interest

# HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN

## FINANCIAL STATEMENTS

## DECEMBER 31, 2016 AND 2015

HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN

# INDEX


| | | Page No. |
|---|---|---|
| INDEPENDENT AUDITORS' REPORT | | 1-2 |
| EXHIBIT "A" | - Statements of Net Assets Available for Benefits as of December 31, 2016 and 2015 | 3 |
| EXHIBIT "B" | - Statement of Changes in Net Assets Available for Benefits - January 1, 2016 to December 31, 2016 | 4 |
| NOTES TO FINANCIAL STATEMENTS | | 5-10 |
| SUPPLEMENTAL SCHEDULE | | |
| SCHEDULE 1 | - Schedule of Assets (Held At End of Year) - December 31, 2016 | 11 |

# INDEPENDENT AUDITORS' REPORT

Plan Committee
Harbor Freight Tools Retirement Savings Plan
26541 Agoura Road
Calabasas, California 91302

Members of the Committee:

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Harbor Freight Tools Retirement Savings Plan (the "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

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from 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 5, which was certified by Wells Fargo Bank, N.A., the trustee of the Plan, except for comparing such 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 December 31, 2016 and 2015, and for the year ended December 31, 2016, 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**

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**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.

Miller Kaplan Arase LLP

MILLER KAPLAN ARASE LLP
North Hollywood, California
October 2, 2017

EXHIBIT "A"

# HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN
## STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| ASSETS | | |
| INVESTMENTS, AT FAIR VALUE | $ 49,172,604 | $ 41,227,036 |
| RECEIVABLES | | |
| Employer Contributions | 946,551 | 336,074 |
| Notes Receivable from Participants | 1,783,866 | 1,478,622 |
| TOTAL RECEIVABLES | 2,730,417 | 1,814,696 |
| TOTAL ASSETS | 51,903,021 | 43,041,732 |
| LIABILITIES | | |
| Excess Contributions Payable | 550,347 | 50,129 |
| NET ASSETS AVAILABLE FOR BENEFITS | $ 51,352,674 | $ 42,991,603 |

(Attached notes are an integral part of these financial statements)

EXHIBIT "B"

# HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN
## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
## JANUARY 1, 2016 TO DECEMBER 31, 2016

| | | |
|---|---|---|
| ADDITIONS | | |
| INVESTMENT INCOME | | |
| Interest and Dividends | $ 75,350 | |
| Net Appreciation of Investments | 3,273,831 | |
| TOTAL INVESTMENT INCOME | | $ 3,349,181 |
| CONTRIBUTIONS AND OTHER ADDITIONS | | |
| Employer Contributions | $ 2,785,379 | |
| Employee Contributions | 5,875,416 | |
| Rollovers | 970,038 | |
| Other Income | 13,334 | |
| Interest on Notes Receivable from Participants | 70,463 | |
| TOTAL CONTRIBUTIONS AND OTHER ADDITIONS | | 9,714,630 |
| TOTAL ADDITIONS | | 13,063,811 |
| DEDUCTIONS | | |
| Benefits | $ 4,489,002 | |
| Administrative Expenses | 213,738 | |
| TOTAL DEDUCTIONS | | 4,702,740 |
| NET INCREASE | | 8,361,071 |
| NET ASSETS AVAILABLE FOR BENEFITS | | |
| Beginning of Year | | 42,991,603 |
| End of Year | | $ 51,352,674 |

(Attached notes are an integral part of these financial statements)

## NOTE 1 - DESCRIPTION OF THE PLAN

The Harbor Freight Tools Retirement Savings Plan (the "Plan") is a defined contribution plan established on August 1, 1984 to provide tax-deferred savings opportunities to eligible employees, as defined in the Plan, of HFT Holdings, Inc. and affiliates (the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The assets of the Plan are held in a trust by Wells Fargo Bank, N.A., the trustee of the Plan (Note 5).

THE PLAN DOCUMENT INCLUDES DETAILED RULES FOR EACH SITUATION. PARTICIPANTS AND OTHER INTERESTED PARTIES SHOULD REFER TO THE PLAN AGREEMENT AND ANY AMENDMENTS REGARDING SPECIFIC PROVISIONS OF THE PLAN.

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### B. Benefits

Benefits under the Plan begin when a participant retires, becomes disabled, dies or ceases to be an employee, whichever applies. Normal retirement age is 65. Hardship withdrawals are permitted.

### C. Vesting

Participants are immediately vested in their voluntary contributions, rollover contributions, and earnings thereon. Company contributions are vested as follows:

| Vesting Service (Years) | Vesting Percentage (%) |
|---|---|
| Less than 1 | 0 |
| 1 | 33 |
| 2 | 66 |
| 3 | 100 |

### D. Contributions

Plan participants may defer up to 100% of their pretax annual compensation, as defined in the Plan, subject to certain limitations under the Internal Revenue Code (the "Code"). The Plan was restated effective December 2, 2014, to limit highly compensated participants to contribute up to a maximum of two percent of pretax annual compensation, as defined in the Plan. Participants may also make Roth elective deferrals to the Plan and catch-up contributions for individuals over age 50. Participants may contribute amounts representing distributions from other eligible retirement plans, as defined in the Plan.

The Company's matching contribution is at a discretionary rate to be determined by the Company's Board of Directors, paid to participants who were employed on the last day of the quarter. For the year ended December 31, 2016, the Company matched participants deferrals at a rate of 100% up to 3% of eligible compensation.

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

D. Contributions (Continued)

The Company may also make a discretionary nonelective contribution, as determined by the Board of Directors. The Company did not make any discretionary nonelective contributions to the Plan for the year ended December 31, 2016.

E. Participant Accounts

Each participant's account is credited with the participant's contributions and Company matching contributions, as well as allocations of the Company's discretionary nonelective contributions, if any, and Plan earnings, and charged with any withdrawals or distributions requested by the participant, investment gains and losses and allocation of administrative expenses, if applicable. Allocations are based on the participant's earnings or account balances, as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

F. Notes Receivable from Participants

The Plan permits participants to borrow from their accounts. The loans may not exceed the lesser of 50% of a participant's vested account balance or $50,000, reduced by the highest outstanding loan balance of the participant from the Plan during the one-year period ending on the day before the date on which the loan was made. The loans bear interest at a fixed rate based on the prime rate at the date of the loan, plus 1%. Loans for active participants are repaid through payroll withholdings, generally over five years, although participants may select a shorter term. The Plan provides for longer maturities if the loan is used to acquire the principal residence of the participant. The number of loans per participant is limited to one.

G. Forfeitures

When a participant terminates employment for reasons other than retirement, disability, or death, the nonvested portion of his or her Company contributions will be forfeited and will be used to pay Plan administrative expenses or reduce future Company contributions. Forfeitures of $31,680 were utilized during the year ended December 31, 2016. As of December 31, 2016 and 2015, forfeitures totaling $19,600 and $18,513, respectively, were available for future use.

H. Administrative Expenses

Certain administrative expenses incidental to the administration of the Plan, including fees of the trustee and independent public accountants may be paid by the Plan. Administrative expenses not paid by the Company are paid by the Plan.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accounts of the Plan are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Estimates

The preparation of financial statements in conformity with GAAP requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

C. Risks and Uncertainties

Plan investments are exposed to various risks such as interest rate, market fluctuations and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the value of investment securities in the near term could materially affect the amounts reported in the statements of net assets available for benefits and statement of changes in net assets available for benefits.

D. Payments of Benefits

Benefits are recorded when paid.

E. Investment Valuation and Income Recognition

The participants select how their share of plan assets will be invested among those investment vehicles made available.

GAAP establishes a fair value hierarchy that prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market:

Level 1 – Inputs are based on quoted prices in an active market.

Level 2 – Inputs are based on quoted prices for similar instruments and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.

Level 3 – Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The following tables summarize the Plan's investments at December 31, 2016 and 2015 based on the inputs used to value them:

| | December 31, 2016 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds | $ 3,944,503 | $ - | $ - | $ 3,944,503 |
| Self-Directed Brokerage Accounts - Common Stock | 15,132 | - | - | 15,132 |
| Total Assets in the Fair Value Hierarchy | $ 3,959,635 | $ - | $ - | 3,959,635 |
| Investments Measured at Net Asset Value[A] | | | | 45,212,969 |
| | | | | $ 49,172,604 |

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Investment Valuation and Income Recognition (Continued)

| | December 31, 2015 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds | $ 5,406,465 | $ - | $ - | $ 5,406,465 |
| Self-Directed Brokerage Accounts: | | | | |
| Money Market | 73 | - | - | 73 |
| Common Stock | 1,117 | - | - | 1,117 |
| Total Assets in the Fair Value Hierarchy | $ 5,407,655 | $ - | $ - | 5,407,655 |
| Investments Measured at Net Asset Value[A] | | | | 35,819,381 |
| | | | | $ 41,227,036 |

[A] In accordance with ASU 2015-07, investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

The following table summarizes investments for which fair value is measured using the net assets value per share practical expedient as of December 31, 2016 and 2015, respectively. There are no participant redemption restrictions for these investments; the redemption notice periods are applicable only to the Plan.

| | Fair Value at December 31, | | Unfunded | Redemption | Redemption |
|---|---|---|---|---|---|
| | 2016 | 2015 | Commitments | Frequency | Notice Period |
| Wells Fargo Stable Return Fund | $ 31,315 | $ 73,916 | None | Daily | 12 months |
| Reliance Trust NY Life Anchor Account | 351,589 | 212,564 | None | Daily | 12 months |
| Wilmington Trust Income Managed Account Portfolio | 1,269,245 | 1,551,165 | None | Daily | 30 days |
| Wilmington Trust Conservative Managed Account Portfolio | 10,755,600 | 9,641,817 | None | Daily | 30 days |
| Wilmington Trust Moderate Managed Account Portfolio | 12,188,923 | 10,905,482 | None | Daily | 30 days |
| Wilmington Trust Growth Managed Account Portfolio | 10,640,094 | 8,653,972 | None | Daily | 30 days |
| Wilmington Trust Aggressive Managed Account Portfolio | 6,198,680 | 4,780,465 | None | Daily | 30 days |
| Northern Trust Extended Market Index Fund | 523,896 | - | None | Daily | 30 days |
| Northern Trust S&P Index Fund | 2,552,889 | - | None | Daily | 30 days |
| Northern Trust ACWI ex US IMI Fund | 334,756 | - | None | Daily | 30 days |
| Northern Trust Aggressive Bond Index Fund | 358,406 | - | None | Daily | 30 days |
| Self-Directed Brokerage Accounts | 7,576 | - | None | Daily | None |
| | $ 45,212,969 | $ 35,819,381 | | | |

Level 1 investments consist of mutual funds, money market funds and common stock, all of which are valued based on quoted market prices in active markets.

Purchases and sales of investments are reported on a trade-date basis. Interest and dividends are reported on the accrual basis.

F. New Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued the following Accounting Standards Updates (ASU), which the Plan has adopted effective December 31, 2016.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. New Accounting Pronouncements (Continued)

ASU 2015-07 *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* provides that entities measuring investments at net asset value per share (NAV) as a practical expedient are no longer required to categorize such investments within the fair value hierarchy. The investments should still be included in the total column of the entity's ACS 820 disclosure to permit reconciliation to amounts presented in the financial statements. Certain disclosures continue to be required for each class of investment measured using the practical expedient to enable users to understand the nature and risks of investments measured at NAV. ASU 2015-07 is effective for fiscal years beginning after December 15, 2015. Earlier application is permitted.

ASU 2015-12 *Plan Accounting: Topic 960, Defined Benefit Pension Plans; Topic 962, Defined Contribution Pension Plans; Topic 965, Health and Welfare Benefit Plans* includes three parts. Part I designates contract value as the only required measure for fully benefit-responsive investment contracts. Part II eliminates the requirement to disclose individual investments that represent 5% or more of net assets available for benefits and the requirement to disclose net appreciation (depreciation) in fair value of investments by general type of investment. In addition, Part II provides for employee benefit plan investments to be grouped and presented by general type and eliminates the requirement to disaggregate investments in multiple ways. Part III provides a practical expedient that permits employee benefit plans to measure investments and investment-related accounts as of a month-end date that is closest to the plan's fiscal year-end when the fiscal period does not coincide with a month end. ASU 2015-12 is effective for fiscal years beginning after December 15, 2015. Earlier application is permitted. Parts I and II are applied retrospectively for all periods presented; Part III is applied prospectively.

NOTE 3 - INCOME TAX STATUS

The Company adopted a volume submitter profit sharing plan which is the subject of a favorable tax opinion letter from the Internal Revenue Service, dated March 31, 2014. The Company routinely self reviews the administration of the Plan and self-corrects any compliance issues in accordance with the Employee Plans Compliance Resolution system. The Company believes that the Plan, as amended, currently is designed and being operated in compliance with the applicable requirements of the Code and, accordingly, the plan administrator believes that the Plan is exempt from income taxes.

GAAP requires management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken a tax position that more likely that not would not be sustained upon examination by a tax authority. The Plan is subject to routine audits by taxing jurisdictions.

Currently, the Plan is being audited by the Department of Labor and by Internal Revenue Service for the periods January 1, 2013 through September 15, 2016 and January 1, 2014 through December 31, 2014, respectively.

NOTE 4 - 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 would become 100% vested in their accounts and Plan assets would be distributed based upon the participants' account balances at that time.

## NOTE 5 - FINANCIAL INFORMATION CERTIFIED BY THE TRUSTEE

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Information regarding investments held at December 31, 2016 and 2015 and investment income for the year ended December 31, 2016 that is disclosed in the accompanying financial statements and supplemental schedule was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by Wells Fargo Bank, N.A., the trustee of the Plan.

## NOTE 6 - RELATED PARTY TRANSACTIONS

Certain investments held by the Plan are issued and managed by the trustee or its affiliates. Transactions related to these investments qualify as party-in-interest transactions; however, they are exempt from the prohibition under ERISA.

## NOTE 7 - RECONCILIATION OF FINANCIAL STATEMENTS TO THE FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| Net Assets Available for Benefits Per the Financial Statements | $ 51,352,674 | $ 42,991,603 |
| Add: Excess Contributions Payable | 550,347 | 50,129 |
| Less: Employer Contributions Receivable | (946,551) | (336,074) |
| Net Assets Per the Form 5500 | $ 50,956,470 | $ 42,705,658 |

The following is a reconciliation of the net increase per the financial statements to the Form 5500:

| | January 1, 2016 to December 31, 2016 |
|---|---|
| Net Increase per the Financial Statements | $ 8,361,071 |
| Less: Change in Employer Contributions Receivable | (610,477) |
| Change in Excess Contributions Payable | 500,218 |
| Net Income Per the Form 5500 | $ 8,250,812 |

## NOTE 8 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 2, 2017, the date on which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.

# SUPPLEMENTAL SCHEDULE

SCHEDULE 1

HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN
FORM 5500
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
E.I.N. 27-2501498; PLAN NO. 002
DECEMBER 31, 2016

| Identity of Issuer | Description | Fair Value |
|---|---|---|
| * Wells Fargo Stable Return Fund | Common/Collective Trust | $ 31,315 |
| Reliance Trust NY Life Anchor Account | Common/Collective Trust | 351,589 |
| Wilmington Trust Income Managed Account Portfolio | Collective Investment Trust | 1,269,245 |
| Wilmington Trust Conservative Managed Account Portfolio | Collective Investment Trust | 10,755,600 |
| Wilmington Trust Moderate Managed Account Portfolio | Collective Investment Trust | 12,188,923 |
| Wilmington Trust Growth Managed Account Portfolio | Collective Investment Trust | 10,640,094 |
| Wilmington Trust Aggressive Managed Account Portfolio | Collective Investment Trust | 6,198,680 |
| Northern Trust Extended Market Index Fund | Collective Investment Trust | 523,896 |
| Northern Trust S&P Index Fund | Collective Investment Trust | 2,552,889 |
| Northern Trust ACWI ex US IMI Fund | Collective Investment Trust | 334,756 |
| Northern Trust Aggressive Bond Index Fund | Collective Investment Trust | 358,406 |
| John Hancock Disciplined Value Fund | Mutual Fund | 610,973 |
| Harbor Capital Appreciation Fund | Mutual Fund | 849,839 |
| MFS Mid Cap Value Fund | Mutual Fund | 518,997 |
| American Funds EuroPacific Growth Fund | Mutual Fund | 415,735 |
| Victory Integrity Small Cap Value Fund | Mutual Fund | 372,825 |
| Eagle Small Cap Growth Fund | Mutual Fund | 532,628 |
| Metropolitan West Total Return Bond Fund | Mutual Fund | 312,716 |
| Mass Mutual Select Mid Cap Growth Equity Fund | Mutual Fund | 330,790 |
| Plan Participants | Self-Directed Brokerage Accounts | 22,708 |
| * Participant Loans | 4.25% to 8.25% Secured Maturities through 2043 | 1,783,866 |
| | | $ 50,956,470 |

* Party-in-Interest

# HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN

## FINANCIAL STATEMENTS

## DECEMBER 31, 2016 AND 2015

HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN

# INDEX


| | | Page No. |
|---|---|---|
| INDEPENDENT AUDITORS' REPORT | | 1-2 |
| EXHIBIT "A" | - Statements of Net Assets Available for Benefits as of December 31, 2016 and 2015 | 3 |
| EXHIBIT "B" | - Statement of Changes in Net Assets Available for Benefits - January 1, 2016 to December 31, 2016 | 4 |
| NOTES TO FINANCIAL STATEMENTS | | 5-10 |
| SUPPLEMENTAL SCHEDULE | | |
| SCHEDULE 1 | - Schedule of Assets (Held At End of Year) - December 31, 2016 | 11 |

# INDEPENDENT AUDITORS' REPORT

Plan Committee
Harbor Freight Tools Retirement Savings Plan
26541 Agoura Road
Calabasas, California 91302

Members of the Committee:

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Harbor Freight Tools Retirement Savings Plan (the "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

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from 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 5, which was certified by Wells Fargo Bank, N.A., the trustee of the Plan, except for comparing such 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 December 31, 2016 and 2015, and for the year ended December 31, 2016, 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) as of December 31, 2016 is required by the Department of Labor's (DOL) 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 this supplemental schedule.

**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.

Miller Kaplan Arase LLP

MILLER KAPLAN ARASE LLP
North Hollywood, California
October 2, 2017

EXHIBIT "A"

# HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN
## STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| ASSETS | | |
| INVESTMENTS, AT FAIR VALUE | $ 49,172,604 | $ 41,227,036 |
| RECEIVABLES | | |
| Employer Contributions | 946,551 | 336,074 |
| Notes Receivable from Participants | 1,783,866 | 1,478,622 |
| TOTAL RECEIVABLES | 2,730,417 | 1,814,696 |
| TOTAL ASSETS | 51,903,021 | 43,041,732 |
| LIABILITIES | | |
| Excess Contributions Payable | 550,347 | 50,129 |
| NET ASSETS AVAILABLE FOR BENEFITS | $ 51,352,674 | $ 42,991,603 |

(Attached notes are an integral part of these financial statements)

EXHIBIT "B"

# HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN
## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
## JANUARY 1, 2016 TO DECEMBER 31, 2016

| | | |
|---|---|---|
| ADDITIONS | | |
| INVESTMENT INCOME | | |
| Interest and Dividends | $ 75,350 | |
| Net Appreciation of Investments | 3,273,831 | |
| TOTAL INVESTMENT INCOME | | $ 3,349,181 |
| CONTRIBUTIONS AND OTHER ADDITIONS | | |
| Employer Contributions | $ 2,785,379 | |
| Employee Contributions | 5,875,416 | |
| Rollovers | 970,038 | |
| Other Income | 13,334 | |
| Interest on Notes Receivable from Participants | 70,463 | |
| TOTAL CONTRIBUTIONS AND OTHER ADDITIONS | | 9,714,630 |
| TOTAL ADDITIONS | | 13,063,811 |
| DEDUCTIONS | | |
| Benefits | $ 4,489,002 | |
| Administrative Expenses | 213,738 | |
| TOTAL DEDUCTIONS | | 4,702,740 |
| NET INCREASE | | 8,361,071 |
| NET ASSETS AVAILABLE FOR BENEFITS | | |
| Beginning of Year | | 42,991,603 |
| End of Year | | $ 51,352,674 |

(Attached notes are an integral part of these financial statements)

## NOTE 1 - DESCRIPTION OF THE PLAN

The Harbor Freight Tools Retirement Savings Plan (the "Plan") is a defined contribution plan established on August 1, 1984 to provide tax-deferred savings opportunities to eligible employees, as defined in the Plan, of HFT Holdings, Inc. and affiliates (the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The assets of the Plan are held in a trust by Wells Fargo Bank, N.A., the trustee of the Plan (Note 5).

THE PLAN DOCUMENT INCLUDES DETAILED RULES FOR EACH SITUATION. PARTICIPANTS AND OTHER INTERESTED PARTIES SHOULD REFER TO THE PLAN AGREEMENT AND ANY AMENDMENTS REGARDING SPECIFIC PROVISIONS OF THE PLAN.

### A. Eligibility

The Plan covers all eligible employees of the Company, except union members and nonresident aliens.

Company employees are eligible to participate in the Plan upon completion of 6 months of service and attaining age 21.

### B. Benefits

Benefits under the Plan begin when a participant retires, becomes disabled, dies or ceases to be an employee, whichever applies. Normal retirement age is 65. Hardship withdrawals are permitted.

### C. Vesting

Participants are immediately vested in their voluntary contributions, rollover contributions, and earnings thereon. Company contributions are vested as follows:

| Vesting Service (Years) | Vesting Percentage (%) |
|---|---|
| Less than 1 | 0 |
| 1 | 33 |
| 2 | 66 |
| 3 | 100 |

### D. Contributions

Plan participants may defer up to 100% of their pretax annual compensation, as defined in the Plan, subject to certain limitations under the Internal Revenue Code (the "Code"). The Plan was restated effective December 2, 2014, to limit highly compensated participants to contribute up to a maximum of two percent of pretax annual compensation, as defined in the Plan. Participants may also make Roth elective deferrals to the Plan and catch-up contributions for individuals over age 50. Participants may contribute amounts representing distributions from other eligible retirement plans, as defined in the Plan.

The Company's matching contribution is at a discretionary rate to be determined by the Company's Board of Directors, paid to participants who were employed on the last day of the quarter. For the year ended December 31, 2016, the Company matched participants deferrals at a rate of 100% up to 3% of eligible compensation.

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

D. Contributions (Continued)

The Company may also make a discretionary nonelective contribution, as determined by the Board of Directors. The Company did not make any discretionary nonelective contributions to the Plan for the year ended December 31, 2016.

E. Participant Accounts

Each participant's account is credited with the participant's contributions and Company matching contributions, as well as allocations of the Company's discretionary nonelective contributions, if any, and Plan earnings, and charged with any withdrawals or distributions requested by the participant, investment gains and losses and allocation of administrative expenses, if applicable. Allocations are based on the participant's earnings or account balances, as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

F. Notes Receivable from Participants

The Plan permits participants to borrow from their accounts. The loans may not exceed the lesser of 50% of a participant's vested account balance or $50,000, reduced by the highest outstanding loan balance of the participant from the Plan during the one-year period ending on the day before the date on which the loan was made. The loans bear interest at a fixed rate based on the prime rate at the date of the loan, plus 1%. Loans for active participants are repaid through payroll withholdings, generally over five years, although participants may select a shorter term. The Plan provides for longer maturities if the loan is used to acquire the principal residence of the participant. The number of loans per participant is limited to one.

G. Forfeitures

When a participant terminates employment for reasons other than retirement, disability, or death, the nonvested portion of his or her Company contributions will be forfeited and will be used to pay Plan administrative expenses or reduce future Company contributions. Forfeitures of $31,680 were utilized during the year ended December 31, 2016. As of December 31, 2016 and 2015, forfeitures totaling $19,600 and $18,513, respectively, were available for future use.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accounts of the Plan are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Estimates

The preparation of financial statements in conformity with GAAP requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

C. Risks and Uncertainties

Plan investments are exposed to various risks such as interest rate, market fluctuations and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the value of investment securities in the near term could materially affect the amounts reported in the statements of net assets available for benefits and statement of changes in net assets available for benefits.

D. Payments of Benefits

Benefits are recorded when paid.

E. Investment Valuation and Income Recognition

The participants select how their share of plan assets will be invested among those investment vehicles made available.

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The following tables summarize the Plan's investments at December 31, 2016 and 2015 based on the inputs used to value them:

| | December 31, 2016 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds | $ 3,944,503 | $ - | $ - | $ 3,944,503 |
| Self-Directed Brokerage Accounts - Common Stock | 15,132 | - | - | 15,132 |
| Total Assets in the Fair Value Hierarchy | $ 3,959,635 | $ - | $ - | 3,959,635 |
| Investments Measured at Net Asset Value[A] | | | | 45,212,969 |
| | | | | $ 49,172,604 |

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Investment Valuation and Income Recognition (Continued)

| | December 31, 2015 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds | $ 5,406,465 | $ - | $ - | $ 5,406,465 |
| Self-Directed Brokerage Accounts: | | | | |
| Money Market | 73 | - | - | 73 |
| Common Stock | 1,117 | - | - | 1,117 |
| Total Assets in the Fair Value Hierarchy | $ 5,407,655 | $ - | $ - | 5,407,655 |
| Investments Measured at Net Asset Value[A] | | | | 35,819,381 |
| | | | | $ 41,227,036 |

[A] In accordance with ASU 2015-07, investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

The following table summarizes investments for which fair value is measured using the net assets value per share practical expedient as of December 31, 2016 and 2015, respectively. There are no participant redemption restrictions for these investments; the redemption notice periods are applicable only to the Plan.

| | Fair Value at December 31, | | Unfunded | Redemption | Redemption |
|---|---|---|---|---|---|
| | 2016 | 2015 | Commitments | Frequency | Notice Period |
| Wells Fargo Stable Return Fund | $ 31,315 | $ 73,916 | None | Daily | 12 months |
| Reliance Trust NY Life Anchor Account | 351,589 | 212,564 | None | Daily | 12 months |
| Wilmington Trust Income Managed Account Portfolio | 1,269,245 | 1,551,165 | None | Daily | 30 days |
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| Wilmington Trust Moderate Managed Account Portfolio | 12,188,923 | 10,905,482 | None | Daily | 30 days |
| Wilmington Trust Growth Managed Account Portfolio | 10,640,094 | 8,653,972 | None | Daily | 30 days |
| Wilmington Trust Aggressive Managed Account Portfolio | 6,198,680 | 4,780,465 | None | Daily | 30 days |
| Northern Trust Extended Market Index Fund | 523,896 | - | None | Daily | 30 days |
| Northern Trust S&P Index Fund | 2,552,889 | - | None | Daily | 30 days |
| Northern Trust ACWI ex US IMI Fund | 334,756 | - | None | Daily | 30 days |
| Northern Trust Aggressive Bond Index Fund | 358,406 | - | None | Daily | 30 days |
| Self-Directed Brokerage Accounts | 7,576 | - | None | Daily | None |
| | $ 45,212,969 | $ 35,819,381 | | | |

Level 1 investments consist of mutual funds, money market funds and common stock, all of which are valued based on quoted market prices in active markets.

Purchases and sales of investments are reported on a trade-date basis. Interest and dividends are reported on the accrual basis.

F. New Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued the following Accounting Standards Updates (ASU), which the Plan has adopted effective December 31, 2016.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. New Accounting Pronouncements (Continued)

ASU 2015-07 *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* provides that entities measuring investments at net asset value per share (NAV) as a practical expedient are no longer required to categorize such investments within the fair value hierarchy. The investments should still be included in the total column of the entity's ACS 820 disclosure to permit reconciliation to amounts presented in the financial statements. Certain disclosures continue to be required for each class of investment measured using the practical expedient to enable users to understand the nature and risks of investments measured at NAV. ASU 2015-07 is effective for fiscal years beginning after December 15, 2015. Earlier application is permitted.

ASU 2015-12 *Plan Accounting: Topic 960, Defined Benefit Pension Plans; Topic 962, Defined Contribution Pension Plans; Topic 965, Health and Welfare Benefit Plans* includes three parts. Part I designates contract value as the only required measure for fully benefit-responsive investment contracts. Part II eliminates the requirement to disclose individual investments that represent 5% or more of net assets available for benefits and the requirement to disclose net appreciation (depreciation) in fair value of investments by general type of investment. In addition, Part II provides for employee benefit plan investments to be grouped and presented by general type and eliminates the requirement to disaggregate investments in multiple ways. Part III provides a practical expedient that permits employee benefit plans to measure investments and investment-related accounts as of a month-end date that is closest to the plan's fiscal year-end when the fiscal period does not coincide with a month end. ASU 2015-12 is effective for fiscal years beginning after December 15, 2015. Earlier application is permitted. Parts I and II are applied retrospectively for all periods presented; Part III is applied prospectively.

NOTE 3 - INCOME TAX STATUS

The Company adopted a volume submitter profit sharing plan which is the subject of a favorable tax opinion letter from the Internal Revenue Service, dated March 31, 2014. The Company routinely self reviews the administration of the Plan and self-corrects any compliance issues in accordance with the Employee Plans Compliance Resolution system. The Company believes that the Plan, as amended, currently is designed and being operated in compliance with the applicable requirements of the Code and, accordingly, the plan administrator believes that the Plan is exempt from income taxes.

GAAP requires management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken a tax position that more likely that not would not be sustained upon examination by a tax authority. The Plan is subject to routine audits by taxing jurisdictions.

Currently, the Plan is being audited by the Department of Labor and by Internal Revenue Service for the periods January 1, 2013 through September 15, 2016 and January 1, 2014 through December 31, 2014, respectively.

NOTE 4 - 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 would become 100% vested in their accounts and Plan assets would be distributed based upon the participants' account balances at that time.

## NOTE 5 - FINANCIAL INFORMATION CERTIFIED BY THE TRUSTEE

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Information regarding investments held at December 31, 2016 and 2015 and investment income for the year ended December 31, 2016 that is disclosed in the accompanying financial statements and supplemental schedule was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by Wells Fargo Bank, N.A., the trustee of the Plan.

## NOTE 6 - RELATED PARTY TRANSACTIONS

Certain investments held by the Plan are issued and managed by the trustee or its affiliates. Transactions related to these investments qualify as party-in-interest transactions; however, they are exempt from the prohibition under ERISA.

## NOTE 7 - RECONCILIATION OF FINANCIAL STATEMENTS TO THE FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| Net Assets Available for Benefits Per the Financial Statements | $ 51,352,674 | $ 42,991,603 |
| Add: Excess Contributions Payable | 550,347 | 50,129 |
| Less: Employer Contributions Receivable | (946,551) | (336,074) |
| Net Assets Per the Form 5500 | $ 50,956,470 | $ 42,705,658 |

The following is a reconciliation of the net increase per the financial statements to the Form 5500:

| | January 1, 2016 to December 31, 2016 |
|---|---|
| Net Increase per the Financial Statements | $ 8,361,071 |
| Less: Change in Employer Contributions Receivable | (610,477) |
| Change in Excess Contributions Payable | 500,218 |
| Net Income Per the Form 5500 | $ 8,250,812 |

## NOTE 8 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 2, 2017, the date on which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.

# SUPPLEMENTAL SCHEDULE

SCHEDULE 1

HARBOR FREIGHT TOOLS RETIREMENT SAVINGS PLAN
FORM 5500
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
E.I.N. 27-2501498; PLAN NO. 002
DECEMBER 31, 2016

| Identity of Issuer | Description | Fair Value |
|---|---|---|
| * Wells Fargo Stable Return Fund | Common/Collective Trust | $ 31,315 |
| Reliance Trust NY Life Anchor Account | Common/Collective Trust | 351,589 |
| Wilmington Trust Income Managed Account Portfolio | Collective Investment Trust | 1,269,245 |
| Wilmington Trust Conservative Managed Account Portfolio | Collective Investment Trust | 10,755,600 |
| Wilmington Trust Moderate Managed Account Portfolio | Collective Investment Trust | 12,188,923 |
| Wilmington Trust Growth Managed Account Portfolio | Collective Investment Trust | 10,640,094 |
| Wilmington Trust Aggressive Managed Account Portfolio | Collective Investment Trust | 6,198,680 |
| Northern Trust Extended Market Index Fund | Collective Investment Trust | 523,896 |
| Northern Trust S&P Index Fund | Collective Investment Trust | 2,552,889 |
| Northern Trust ACWI ex US IMI Fund | Collective Investment Trust | 334,756 |
| Northern Trust Aggressive Bond Index Fund | Collective Investment Trust | 358,406 |
| John Hancock Disciplined Value Fund | Mutual Fund | 610,973 |
| Harbor Capital Appreciation Fund | Mutual Fund | 849,839 |
| MFS Mid Cap Value Fund | Mutual Fund | 518,997 |
| American Funds EuroPacific Growth Fund | Mutual Fund | 415,735 |
| Victory Integrity Small Cap Value Fund | Mutual Fund | 372,825 |
| Eagle Small Cap Growth Fund | Mutual Fund | 532,628 |
| Metropolitan West Total Return Bond Fund | Mutual Fund | 312,716 |
| Mass Mutual Select Mid Cap Growth Equity Fund | Mutual Fund | 330,790 |
| Plan Participants | Self-Directed Brokerage Accounts | 22,708 |
| * Participant Loans | 4.25% to 8.25% Secured Maturities through 2043 | 1,783,866 |
| | | $ 50,956,470 |

* Party-in-Interest