

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 2017 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</u>	
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)

Part II	Basic Plan Information—enter all requested information				
1a Name of plan <u>P.T. SERVICES REHABILITATION, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>002</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/2011</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>002</u>	1c Effective date of plan <u>01/01/2011</u>	
1b Three-digit plan number (PN) ▶	<u>002</u>				
1c Effective date of plan <u>01/01/2011</u>					
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) <u>P.T. SERVICES REHABILITATION, INC.</u> <u>2550 S. STATE ROUTE 100</u> <u>TIFFIN, OH 44883</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>34-1222395</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>419-447-7203</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>621340</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>34-1222395</u>	2c Plan Sponsor's telephone number <u>419-447-7203</u>	2d Business code (see instructions) <u>621340</u>	
2b Employer Identification Number (EIN) <u>34-1222395</u>					
2c Plan Sponsor's telephone number <u>419-447-7203</u>					
2d Business code (see instructions) <u>621340</u>					

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2018	MARK SOMODI
	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

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Form 5500 (2017)
v. 170203

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 220
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) 197
a(2) Total number of active participants at the end of the plan year	6a(2) 227
b Retired or separated participants receiving benefits	6b 0
c Other retired or separated participants entitled to future benefits	6c 17
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 244
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e 0
f Total. Add lines 6d and 6e	6f 244
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g 236
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2Q 3I 2P 2E 2I	
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

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

b General Schedules

- (1) ☒ **H** (Financial Information)
- (2) ☐ **I** (Financial Information – Small Plan)
- (3) ☐ **A** (Insurance Information)
- (4) ☐ **C** (Service Provider Information)
- (5) ☐ **D** (DFE/Participating Plan Information)
- (6) ☐ **G** (Financial Transaction Schedules)

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

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

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

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

11c Enter the Receipt Confirmation Code for the 2017 Form M-1 annual report. If the plan was not required to file the 2017 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 H (Form 5500) Department of the Treasury 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 2017 This Form is Open to Public Inspection
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</u>		
A Name of plan <u>P.T. SERVICES REHABILITATION, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>P.T. SERVICES REHABILITATION, INC.</u>	D Employer Identification Number (EIN) <u>34-1222395</u>	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
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 Total noninterest-bearing cash	1a		630	630
b Receivables (less allowance for doubtful accounts):				
(1) Employer contributions	1b(1)			
(2) Participant contributions	1b(2)			
(3) Other	1b(3)			
c General investments:				
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)			
(2) U.S. Government securities	1c(2)			
(3) Corporate debt instruments (other than employer securities):				
(A) Preferred	1c(3)(A)			
(B) All other	1c(3)(B)			
(4) Corporate stocks (other than employer securities):				
(A) Preferred	1c(4)(A)			
(B) Common	1c(4)(B)			
(5) Partnership/joint venture interests	1c(5)			
(6) Real estate (other than employer real property)	1c(6)			
(7) Loans (other than to participants)	1c(7)			
(8) Participant loans	1c(8)			
(9) Value of interest in common/collective trusts	1c(9)			
(10) Value of interest in pooled separate accounts	1c(10)			
(11) Value of interest in master trust investment accounts	1c(11)			
(12) Value of interest in 103-12 investment entities	1c(12)			
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)			
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)			
(15) Other	1c(15)			

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	370000	380000
(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	370630	380630

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i	6966667	6233333
j Other liabilities	1j	630	630
k Total liabilities (add all amounts in lines 1g through 1j)	1k	6967297	6233963

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	-6596667	-5853333
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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)	1003808	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1003808
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	10000	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		10000

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		1013808

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	12244	
(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)		12244
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		258230
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)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		270474

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		743334
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: PEASE & ASSOCIATES

(2) EIN: 36-4267431

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

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

Part IV Compliance Questions

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

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	
4b		X	

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

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

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.)

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 2017 This Form is Open to Public Inspection.
For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017		
A Name of plan P.T. SERVICES REHABILITATION, INC. EMPLOYEE STOCK OWNERSHIP PLAN		B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 P.T. SERVICES REHABILITATION, INC.		D Employer Identification Number (EIN) 34-1222395
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): 34-1222395		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year		3
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month Day Year If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☐ N/A		
Part III	Amendments	
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
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2017 v. 170203		

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): _____

P.T. SERVICES REHABILITATION, INC. EMPLOYEE STOCK OWNERSHIP PLAN

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2017 AND 2016



Financial Statements and Supplementary Information

P.T. SERVICES REHABILITATION, INC. EMPLOYEE STOCK OWNERSHIP PLAN

DECEMBER 31, 2017 AND 2016

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To the Trustees of
P.T. Services Rehabilitation, Inc. Employee Stock Ownership Plan

Report of Independent Auditors

We have audited the accompanying financial statements of P.T. Services Rehabilitation, Inc. Employee Stock Ownership Plan, which comprise the statements of net assets (deficit) available for benefits as of December 31, 2017 and 2016, and the related statement of changes in net assets (deficit) available for benefits for the year ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets (deficit) available for benefits of P.T. Services Rehabilitation, Inc. Employee Stock Ownership Plan as of December 31, 2017 and 2016, and the changes in net assets (deficit) available for benefits for the year ended December 31, 2017, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

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

Pease & Associates, LLC

Cleveland, Ohio
September 27, 2018

P.T. SERVICES REHABILITATION, INC. EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS

DECEMBER 31, 2017 AND 2016

	2017			2016		
	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
ASSETS						
Investment in P.T. Services Rehabilitation, Inc. common stock, at estimated fair value	\$ 185,087	\$ 194,913	\$ 380,000	\$ 154,389	\$ 215,611	\$ 370,000
Cash	<u>-</u>	<u>630</u>	<u>630</u>	<u>-</u>	<u>630</u>	<u>630</u>
TOTAL ASSETS	185,087	195,543	380,630	154,389	216,241	370,630
LIABILITIES						
Loan payable	-	6,233,333	6,233,333	-	6,966,667	6,966,667
Other liabilities	<u>-</u>	<u>630</u>	<u>630</u>	<u>-</u>	<u>630</u>	<u>630</u>
TOTAL LIABILITIES	<u>-</u>	<u>6,233,963</u>	<u>6,233,963</u>	<u>-</u>	<u>6,967,297</u>	<u>6,967,297</u>
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS	<u>\$ 185,087</u>	<u>\$ (6,038,420)</u>	<u>\$ (5,853,333)</u>	<u>\$ 154,389</u>	<u>\$ (6,751,056)</u>	<u>\$ (6,596,667)</u>

See notes to financial statements.

P.T. SERVICES REHABILITATION, INC. EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2017

	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
ADDITIONS:			
Employer contributions	\$ 12,244	\$ 991,564	\$ 1,003,808
Investment gain:			
Net unrealized appreciation in estimated fair value of investments	4,172	5,828	10,000
Allocation of 34.902 shares of common stock of P.T. Services Rehabilitation, Inc., at estimated fair value	<u>26,526</u>	<u>-</u>	<u>26,526</u>
TOTAL ADDITIONS	42,942	997,392	1,040,334
DEDUCTIONS:			
Interest expense	-	258,230	258,230
Distributions to participants	12,244	-	12,244
Allocation of 34.902 shares of common stock of P.T. Services Rehabilitation, Inc., at estimated fair value	<u>-</u>	<u>26,526</u>	<u>26,526</u>
TOTAL DEDUCTIONS	<u>12,244</u>	<u>284,756</u>	<u>297,000</u>
NET INCREASE	30,698	712,636	743,334
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS:			
BEGINNING OF YEAR	<u>154,389</u>	<u>(6,751,056)</u>	<u>(6,596,667)</u>
END OF YEAR	<u>\$ 185,087</u>	<u>\$ (6,038,420)</u>	<u>\$ (5,853,333)</u>

See notes to financial statements.

P.T. SERVICES REHABILITATION, INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 1 – PLAN DESCRIPTION AND BASIS OF PRESENTATION

The following brief description of the P.T. Services Rehabilitation, Inc. Employee Stock Ownership Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan agreement for complete information.

General: P.T. Services Rehabilitation, Inc. (the “Company”) established the P.T. Services Rehabilitation, Inc. Employee Stock Ownership Plan (the “Plan”) effective as of January 1, 2011. The Plan operates as a leveraged employee stock ownership plan (“ESOP”) and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (the “Code”), and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The Plan is administered by five Trustees consisting of certain employees of the Company as appointed by the Company's Board of Directors.

In 2011, the Plan purchased Company common stock from LAMH Investments, Inc., formerly the sole shareholder of the Company, through borrowings from the Company and issuance of a related promissory note payable to the Company for \$11,000,000 (see Note 5). The Company financed the transaction through outside bank financing and the issuance of notes payable to LAMH Investments, Inc. The Plan holds the common stock in a trust established under the Plan. The Plan's loan payable to the Company will be repaid over a period of 15 years from fully deductible Company contributions to the trust fund. As the Plan makes each payment of principal and interest, a proportional percentage of stock is allocated to eligible employees' accounts in accordance with applicable regulations under the Code. Shares vest fully after three years of service.

The Plan's loan payable to the Company is collateralized by the unallocated shares of common stock. The Company has no rights against shares of common stock once they are allocated under the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2017 and 2016, and for the year ended December 31, 2017, present separately the assets and liabilities and changes therein pertaining to:

1. the accounts of employees with vested rights in allocated common stock (allocated) and
2. common stock not yet allocated to employees (unallocated).

Eligibility: Employees of the Company are generally eligible to participate in the Plan after one year of service, provided they worked at least 1,000 hours during such plan year. Participants who do not have at least 1,000 hours of service during such plan year or are not employed on the last working day of the plan year are generally not eligible for an allocation of the Company contributions for such year.

Contributions: The Plan is funded by contributions made by the employer, either in cash or in shares of company stock, as determined by the Board in its sole discretion. Employer contributions in cash shall first be used to make interest and/or principal payments required to be made under the terms of the Plan's loan payable to the Company. Employer contributions in Company stock and any financed shares shall be released to the Company stock accounts of participants. Cash contributions not used for principal or interest payments shall be allocated to the employer contribution account of participants. Employee contributions are not allowed.

Payment of benefits: No distributions from the Plan will be made until a participant retires, dies (in which case, payment shall be made to his or her beneficiary or, if none, his or her legal representatives), or otherwise terminates employment with the Company. Distributions of a participant's benefits are made in cash. The Company's Code of Regulations does not currently permit participants to elect to have their benefits be distributed in the form of Company stock.

Distributions to participants who terminate employment with balances that do not exceed \$15,000 are made in one lump sum.

Distributions to participants with account balances greater than \$15,000 who terminate employment after age sixty-five, after age sixty with ten years of service, or because of death or disability, are made in five substantially equal annual payments commencing in the Plan year following termination.

If a participant's balance exceeds \$1,080,000, the five-year distribution period is extended one additional year for each \$215,000, or fraction thereof, by which the account balance exceeds \$1,080,000. The foregoing dollar amounts may be adjusted annually to take into account changes in the cost of living, at which point the Internal Revenue Service may increase the dollar amounts.

The Plan requires distributions to commence as soon as administratively practicable after the valuation date immediately following the Plan year in which the participant became entitled to a distribution. Distributions of \$12,244 were paid in 2017 relating to 2016 participant terminations. Such distributions were paid from employer cash contributions to the Plan. During 2017, the Plan redeemed 16.5466 shares of common stock relating to participant distributions, which were reallocated to remaining participants. Distributions of \$11,886 were paid in 2018 relating to 2017 participant terminations.

Administrative expenses: All expenses of maintaining the Plan are paid by the Company.

Voting rights: Each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account and is notified by the Trustees prior to the time that such rights are to be exercised. The Trustees are not permitted to vote any allocated shares for which instructions have not been given by a participant. The Trustees are required, however, to vote any unallocated shares on behalf of the collective best interest of plan participants and beneficiaries.

Participant accounts: The Plan is a defined contribution plan under which a separate individual account is established for each participant. On the last day of each Plan year each participant's account is credited with an allocation of shares of the Company's common stock released by the Trustees from the unallocated account and forfeitures of terminated participants' nonvested accounts. Only those participants who are eligible employees of the Company as of the last day of the Plan year will receive an allocation. Allocations are based on a participant's eligible compensation, relative to total eligible compensation.

Vesting: Vesting in the participant's account balance is based on years of service. A participant vests 100% at three years of service with no vesting before that time.

Put option: Under Federal income tax regulations, the employer stock that is held by the Plan and its participants and is not readily tradable on an established market, or is subject to trading limitations, includes a put option. The put option is a right for the participant to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the fair market value of the stock. The Company is permitted to pay for the purchase with interest over a period of five years. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash. The Company's Code of Regulations does not currently permit participants to elect to have their benefits be distributed in the form of Company stock. If such election is permitted in the future, then the Company will issue a put option that allows participants to sell the Company stock back to the Company.

Diversification: Participants approaching normal retirement age have the opportunity to redirect a portion of the value of their investment in the Company stock into investments which are more diversified. Participants attaining age 55 with 10 years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25% of the number of shares allocated to his or her account. In the sixth year, the percentage changes to 50%. Participants who elect to diversify may transfer the diversification amounts among three investment options or receive a distribution of Company stock or cash, as determined by the plan administrator.

Participant accounts and forfeitures: Employer contributions and Plan forfeitures are allocated to each participant's account based upon the relation of the participant's eligible compensation to total eligible compensation for the Plan year. Plan earnings are allocated to each participant's account based on the ratio of the participant's beginning of the year account balance to all participants' beginning of the year account balances. During 2017, 0.473 share of stock were forfeited from non-vested participant accounts and were reallocated to the remaining participants.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting: The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Allocations: The financial statements of the Plan present separately the assets and liabilities and changes therein pertaining to (a) the accounts of employees with rights in allocated stock ("allocated") and (b) stock not yet allocated to employees ("unallocated"), including shares that are committed to be released from collateral and become allocated generally in the period in which debt service is actually paid.

Investment valuation and income recognition: The shares of the Company common stock are valued at estimated fair value. See Note 4 for discussion of fair value measurements. S Corporation distributions are credited to the participants' accounts when the cash distribution is paid to the Plan. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year. Currently, the Plan's only investment is shares of Company stock.

Benefit payments: Benefit payments to participants are recorded when paid.

Subsequent events: In preparing these financial statements, the Plan's management has evaluated events and transactions for potential recognition or disclosure through September 27, 2018, the date the financial statements were available to be issued.

NOTE 3 – INVESTMENTS

Plan investments are carried at fair market value and consist solely of common stock of P.T. Services Rehabilitation, Inc. The fair market value per share of the Company's common stock, as determined by an independent appraiser, is \$760 and \$740 at December 31, 2017 and 2016, respectively. The Plan's investment in P.T. Services Rehabilitation, Inc. common stock at December 31, 2017 and 2016 is as follows:

	December 31, 2017		December 31, 2016	
	Allocated	Unallocated	Allocated	Unallocated
Number of shares	243.536	256.464	208.633	291.367
Cost	\$ 5,357,784	\$ 5,642,216	\$ 4,589,935	\$ 6,410,065
Estimated fair value	\$ 185,087	\$ 194,913	\$ 154,389	\$ 215,611

NOTE 4 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

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

Level 2 – inputs to the valuation methodology include:

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

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

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Company common stock: The Plan's investment, which consists solely of Company stock, is classified as Level 3 within the fair value hierarchy. The fair value of the Company common stock is determined by an annual independent appraisal and is therefore classified as Level 3 within the fair value hierarchy. Plan management accumulates the data for the appraiser from historical and projected financial information of the Company. The appraisal is based on a combination of the market and income valuation approaches. The appraiser takes into account historical and projected cash flow and net earnings, weighted average cost of capital, market comparables, and applicable discounts and premiums. The appraiser prepares a preliminary report that plan management, along with the ESOP Trustees, reviews in detail, discusses, and approves. The results of this process are documented in the minutes of the ESOP Trustees meetings.

The Trustees determine the fair value measurement policies and procedures. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted as necessary, based on current market conditions and other third party information.

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

There were no transfers between levels of the fair value hierarchy during 2017.

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2017.

	<u>Company common stock</u>
Beginning balance – January 1, 2017	\$ 370,000
Unrealized appreciation in estimated fair value	10,000
Purchases, sales, issuance, and settlements	-
	<u>\$ 380,000</u>

The gains included in changes in net assets (deficit) available for benefits for the year ended December 31, 2017, are reported as net unrealized appreciation in estimated fair value of investments. The increase in share value of the Company's common stock as of December 31, 2017 is due to a projected increase in Company net revenue for the sustainable growth rate expected in 2021.

NOTE 5 – LOAN PAYABLE

In 2011, the Plan entered into an \$11,000,000 fifteen-year term loan with the Company, the proceeds of which were used to purchase Company common stock from LAMH Investments, Inc., the Company's former sole shareholder. The loan bears interest at 3.86%. The Company financed the transaction through outside bank financing and the issuance of notes payable to LAMH Investments, Inc. Unallocated shares are collateral for the Plan's loan payable to the Company. The fair value of the loan payable as of December 31, 2017 and 2016 approximates its carrying amount as the interest rate approximates the rate currently available for issuance of debt with similar terms, maturity dates, and nonperformance risk.

The aggregate maturities of the loan payable during the next five years and thereafter are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2018	\$ 733,333
2019	733,333
2020	733,333
2021	733,333
2022	733,333
Thereafter	<u>2,566,668</u>
	<u>\$ 6,233,333</u>

Interest expense on the loan for 2017 totaled \$258,230.

NOTE 6 – ADMINISTRATION OF PLAN ASSETS

The Plan's assets, which consist principally of P.T. Services Rehabilitation, Inc. common stock, are held by the Trustees of the Plan.

Company contributions are held and managed by the Trustees, which invest cash received, interest, and distribution income and make distributions to participants. The Trustees also administer the payment of interest and principal on the loan, which is reimbursed to the trust fund through contributions as determined by the Company.

Certain administrative functions are performed by a third-party administrator and officers or employees of the Company. Officers and employees do not receive compensation from the Plan. Third-party administrative expenses are paid directly by the Company.

NOTE 7 – RELATED PARTY AND PARTY-IN-INTEREST TRANSACTIONS

P.T. Services Rehabilitation, Inc. common stock is held by the ESOP and the Company is a party-in-interest to the Plan.

NOTE 8 – RISKS AND UNCERTAINTIES

The Plan's investment in the Company stock has varying degrees of risk, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with this investment, it is reasonably possible that changes in the value of the investment will occur in the near term and such changes could materially affect the amounts reported in the statements of net assets (deficit) available for benefits.

NOTE 9 – PLAN TERMINATION

The Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon such termination of the Plan, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms and the Code. Upon termination of the Plan, the Trustees will pay all liabilities and expenses of the trust fund and sell shares of the financed common stock held in the loan suspense account to the extent it determines such sale to be necessary in order to repay the loan.

NOTE 10 – TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service dated August 9, 2017, stating that the Plan is qualified, under Internal Revenue Code (IRC) Section 401(a) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in accordance with the IRC to maintain its qualification. The plan sponsor has indicated that it will take the necessary steps, if any, to maintain the Plan's qualified status.

Additionally, the plan administrator believes the Plan is being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

P.T. SERVICES REHABILITATION, INC. EMPLOYEE STOCK OWNERSHIP PLAN

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

DECEMBER 31, 2017

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost	Current Value
*	P.T. Services Rehabilitation, Inc.	Common stock - P.T. Services Rehabilitation, Inc. voting stock, 500 shares	<u>\$ 11,000,000</u>	<u>\$ 380,000</u>
*	Indicates party-in-interest			

See report of independent auditors.

P.T. SERVICES REHABILITATION, INC. EMPLOYEE STOCK OWNERSHIP PLAN

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2017 AND 2016



Financial Statements and Supplementary Information

P.T. SERVICES REHABILITATION, INC. EMPLOYEE STOCK OWNERSHIP PLAN

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To the Trustees of
P.T. Services Rehabilitation, Inc. Employee Stock Ownership Plan

Report of Independent Auditors

We have audited the accompanying financial statements of P.T. Services Rehabilitation, Inc. Employee Stock Ownership Plan, which comprise the statements of net assets (deficit) available for benefits as of December 31, 2017 and 2016, and the related statement of changes in net assets (deficit) available for benefits for the year ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets (deficit) available for benefits of P.T. Services Rehabilitation, Inc. Employee Stock Ownership Plan as of December 31, 2017 and 2016, and the changes in net assets (deficit) available for benefits for the year ended December 31, 2017, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

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

Pease & Associates, LLC

Cleveland, Ohio
September 27, 2018

P.T. SERVICES REHABILITATION, INC. EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS

DECEMBER 31, 2017 AND 2016

	2017			2016		
	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
ASSETS						
Investment in P.T. Services Rehabilitation, Inc. common stock, at estimated fair value	\$ 185,087	\$ 194,913	\$ 380,000	\$ 154,389	\$ 215,611	\$ 370,000
Cash	<u>-</u>	<u>630</u>	<u>630</u>	<u>-</u>	<u>630</u>	<u>630</u>
TOTAL ASSETS	185,087	195,543	380,630	154,389	216,241	370,630
LIABILITIES						
Loan payable	-	6,233,333	6,233,333	-	6,966,667	6,966,667
Other liabilities	<u>-</u>	<u>630</u>	<u>630</u>	<u>-</u>	<u>630</u>	<u>630</u>
TOTAL LIABILITIES	<u>-</u>	<u>6,233,963</u>	<u>6,233,963</u>	<u>-</u>	<u>6,967,297</u>	<u>6,967,297</u>
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS	<u>\$ 185,087</u>	<u>\$ (6,038,420)</u>	<u>\$ (5,853,333)</u>	<u>\$ 154,389</u>	<u>\$ (6,751,056)</u>	<u>\$ (6,596,667)</u>

See notes to financial statements.

P.T. SERVICES REHABILITATION, INC. EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2017

	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
ADDITIONS:			
Employer contributions	\$ 12,244	\$ 991,564	\$ 1,003,808
Investment gain:			
Net unrealized appreciation in estimated fair value of investments	4,172	5,828	10,000
Allocation of 34.902 shares of common stock of P.T. Services Rehabilitation, Inc., at estimated fair value	<u>26,526</u>	<u>-</u>	<u>26,526</u>
TOTAL ADDITIONS	42,942	997,392	1,040,334
DEDUCTIONS:			
Interest expense	-	258,230	258,230
Distributions to participants	12,244	-	12,244
Allocation of 34.902 shares of common stock of P.T. Services Rehabilitation, Inc., at estimated fair value	<u>-</u>	<u>26,526</u>	<u>26,526</u>
TOTAL DEDUCTIONS	<u>12,244</u>	<u>284,756</u>	<u>297,000</u>
NET INCREASE	30,698	712,636	743,334
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS:			
BEGINNING OF YEAR	<u>154,389</u>	<u>(6,751,056)</u>	<u>(6,596,667)</u>
END OF YEAR	<u>\$ 185,087</u>	<u>\$ (6,038,420)</u>	<u>\$ (5,853,333)</u>

See notes to financial statements.

P.T. SERVICES REHABILITATION, INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 1 – PLAN DESCRIPTION AND BASIS OF PRESENTATION

The following brief description of the P.T. Services Rehabilitation, Inc. Employee Stock Ownership Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan agreement for complete information.

General: P.T. Services Rehabilitation, Inc. (the “Company”) established the P.T. Services Rehabilitation, Inc. Employee Stock Ownership Plan (the “Plan”) effective as of January 1, 2011. The Plan operates as a leveraged employee stock ownership plan (“ESOP”) and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (the “Code”), and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The Plan is administered by five Trustees consisting of certain employees of the Company as appointed by the Company's Board of Directors.

In 2011, the Plan purchased Company common stock from LAMH Investments, Inc., formerly the sole shareholder of the Company, through borrowings from the Company and issuance of a related promissory note payable to the Company for \$11,000,000 (see Note 5). The Company financed the transaction through outside bank financing and the issuance of notes payable to LAMH Investments, Inc. The Plan holds the common stock in a trust established under the Plan. The Plan’s loan payable to the Company will be repaid over a period of 15 years from fully deductible Company contributions to the trust fund. As the Plan makes each payment of principal and interest, a proportional percentage of stock is allocated to eligible employees’ accounts in accordance with applicable regulations under the Code. Shares vest fully after three years of service.

The Plan’s loan payable to the Company is collateralized by the unallocated shares of common stock. The Company has no rights against shares of common stock once they are allocated under the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2017 and 2016, and for the year ended December 31, 2017, present separately the assets and liabilities and changes therein pertaining to:

1. the accounts of employees with vested rights in allocated common stock (allocated) and
2. common stock not yet allocated to employees (unallocated).

Eligibility: Employees of the Company are generally eligible to participate in the Plan after one year of service, provided they worked at least 1,000 hours during such plan year. Participants who do not have at least 1,000 hours of service during such plan year or are not employed on the last working day of the plan year are generally not eligible for an allocation of the Company contributions for such year.

Contributions: The Plan is funded by contributions made by the employer, either in cash or in shares of company stock, as determined by the Board in its sole discretion. Employer contributions in cash shall first be used to make interest and/or principal payments required to be made under the terms of the Plan’s loan payable to the Company. Employer contributions in Company stock and any financed shares shall be released to the Company stock accounts of participants. Cash contributions not used for principal or interest payments shall be allocated to the employer contribution account of participants. Employee contributions are not allowed.

Payment of benefits: No distributions from the Plan will be made until a participant retires, dies (in which case, payment shall be made to his or her beneficiary or, if none, his or her legal representatives), or otherwise terminates employment with the Company. Distributions of a participant's benefits are made in cash. The Company's Code of Regulations does not currently permit participants to elect to have their benefits be distributed in the form of Company stock.

Distributions to participants who terminate employment with balances that do not exceed \$15,000 are made in one lump sum.

Distributions to participants with account balances greater than \$15,000 who terminate employment after age sixty-five, after age sixty with ten years of service, or because of death or disability, are made in five substantially equal annual payments commencing in the Plan year following termination.

If a participant's balance exceeds \$1,080,000, the five-year distribution period is extended one additional year for each \$215,000, or fraction thereof, by which the account balance exceeds \$1,080,000. The foregoing dollar amounts may be adjusted annually to take into account changes in the cost of living, at which point the Internal Revenue Service may increase the dollar amounts.

The Plan requires distributions to commence as soon as administratively practicable after the valuation date immediately following the Plan year in which the participant became entitled to a distribution. Distributions of \$12,244 were paid in 2017 relating to 2016 participant terminations. Such distributions were paid from employer cash contributions to the Plan. During 2017, the Plan redeemed 16.5466 shares of common stock relating to participant distributions, which were reallocated to remaining participants. Distributions of \$11,886 were paid in 2018 relating to 2017 participant terminations.

Administrative expenses: All expenses of maintaining the Plan are paid by the Company.

Voting rights: Each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account and is notified by the Trustees prior to the time that such rights are to be exercised. The Trustees are not permitted to vote any allocated shares for which instructions have not been given by a participant. The Trustees are required, however, to vote any unallocated shares on behalf of the collective best interest of plan participants and beneficiaries.

Participant accounts: The Plan is a defined contribution plan under which a separate individual account is established for each participant. On the last day of each Plan year each participant's account is credited with an allocation of shares of the Company's common stock released by the Trustees from the unallocated account and forfeitures of terminated participants' nonvested accounts. Only those participants who are eligible employees of the Company as of the last day of the Plan year will receive an allocation. Allocations are based on a participant's eligible compensation, relative to total eligible compensation.

Vesting: Vesting in the participant's account balance is based on years of service. A participant vests 100% at three years of service with no vesting before that time.

Put option: Under Federal income tax regulations, the employer stock that is held by the Plan and its participants and is not readily tradable on an established market, or is subject to trading limitations, includes a put option. The put option is a right for the participant to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the fair market value of the stock. The Company is permitted to pay for the purchase with interest over a period of five years. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash. The Company's Code of Regulations does not currently permit participants to elect to have their benefits be distributed in the form of Company stock. If such election is permitted in the future, then the Company will issue a put option that allows participants to sell the Company stock back to the Company.

Diversification: Participants approaching normal retirement age have the opportunity to redirect a portion of the value of their investment in the Company stock into investments which are more diversified. Participants attaining age 55 with 10 years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25% of the number of shares allocated to his or her account. In the sixth year, the percentage changes to 50%. Participants who elect to diversify may transfer the diversification amounts among three investment options or receive a distribution of Company stock or cash, as determined by the plan administrator.

Participant accounts and forfeitures: Employer contributions and Plan forfeitures are allocated to each participant's account based upon the relation of the participant's eligible compensation to total eligible compensation for the Plan year. Plan earnings are allocated to each participant's account based on the ratio of the participant's beginning of the year account balance to all participants' beginning of the year account balances. During 2017, 0.473 share of stock were forfeited from non-vested participant accounts and were reallocated to the remaining participants.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting: The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Allocations: The financial statements of the Plan present separately the assets and liabilities and changes therein pertaining to (a) the accounts of employees with rights in allocated stock ("allocated") and (b) stock not yet allocated to employees ("unallocated"), including shares that are committed to be released from collateral and become allocated generally in the period in which debt service is actually paid.

Investment valuation and income recognition: The shares of the Company common stock are valued at estimated fair value. See Note 4 for discussion of fair value measurements. S Corporation distributions are credited to the participants' accounts when the cash distribution is paid to the Plan. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year. Currently, the Plan's only investment is shares of Company stock.

Benefit payments: Benefit payments to participants are recorded when paid.

Subsequent events: In preparing these financial statements, the Plan's management has evaluated events and transactions for potential recognition or disclosure through September 27, 2018, the date the financial statements were available to be issued.

NOTE 3 – INVESTMENTS

Plan investments are carried at fair market value and consist solely of common stock of P.T. Services Rehabilitation, Inc. The fair market value per share of the Company's common stock, as determined by an independent appraiser, is \$760 and \$740 at December 31, 2017 and 2016, respectively. The Plan's investment in P.T. Services Rehabilitation, Inc. common stock at December 31, 2017 and 2016 is as follows:

	December 31, 2017		December 31, 2016	
	Allocated	Unallocated	Allocated	Unallocated
Number of shares	243.536	256.464	208.633	291.367
Cost	\$ 5,357,784	\$ 5,642,216	\$ 4,589,935	\$ 6,410,065
Estimated fair value	\$ 185,087	\$ 194,913	\$ 154,389	\$ 215,611

NOTE 4 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

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

Level 2 – inputs to the valuation methodology include:

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

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

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Company common stock: The Plan's investment, which consists solely of Company stock, is classified as Level 3 within the fair value hierarchy. The fair value of the Company common stock is determined by an annual independent appraisal and is therefore classified as Level 3 within the fair value hierarchy. Plan management accumulates the data for the appraiser from historical and projected financial information of the Company. The appraisal is based on a combination of the market and income valuation approaches. The appraiser takes into account historical and projected cash flow and net earnings, weighted average cost of capital, market comparables, and applicable discounts and premiums. The appraiser prepares a preliminary report that plan management, along with the ESOP Trustees, reviews in detail, discusses, and approves. The results of this process are documented in the minutes of the ESOP Trustees meetings.

The Trustees determine the fair value measurement policies and procedures. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted as necessary, based on current market conditions and other third party information.

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

There were no transfers between levels of the fair value hierarchy during 2017.

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2017.

	<u>Company common stock</u>
Beginning balance – January 1, 2017	\$ 370,000
Unrealized appreciation in estimated fair value	10,000
Purchases, sales, issuance, and settlements	-
	<u>\$ 380,000</u>

The gains included in changes in net assets (deficit) available for benefits for the year ended December 31, 2017, are reported as net unrealized appreciation in estimated fair value of investments. The increase in share value of the Company's common stock as of December 31, 2017 is due to a projected increase in Company net revenue for the sustainable growth rate expected in 2021.

NOTE 5 – LOAN PAYABLE

In 2011, the Plan entered into an \$11,000,000 fifteen-year term loan with the Company, the proceeds of which were used to purchase Company common stock from LAMH Investments, Inc., the Company's former sole shareholder. The loan bears interest at 3.86%. The Company financed the transaction through outside bank financing and the issuance of notes payable to LAMH Investments, Inc. Unallocated shares are collateral for the Plan's loan payable to the Company. The fair value of the loan payable as of December 31, 2017 and 2016 approximates its carrying amount as the interest rate approximates the rate currently available for issuance of debt with similar terms, maturity dates, and nonperformance risk.

The aggregate maturities of the loan payable during the next five years and thereafter are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2018	\$ 733,333
2019	733,333
2020	733,333
2021	733,333
2022	733,333
Thereafter	<u>2,566,668</u>
	<u>\$ 6,233,333</u>

Interest expense on the loan for 2017 totaled \$258,230.

NOTE 6 – ADMINISTRATION OF PLAN ASSETS

The Plan's assets, which consist principally of P.T. Services Rehabilitation, Inc. common stock, are held by the Trustees of the Plan.

Company contributions are held and managed by the Trustees, which invest cash received, interest, and distribution income and make distributions to participants. The Trustees also administer the payment of interest and principal on the loan, which is reimbursed to the trust fund through contributions as determined by the Company.

Certain administrative functions are performed by a third-party administrator and officers or employees of the Company. Officers and employees do not receive compensation from the Plan. Third-party administrative expenses are paid directly by the Company.

NOTE 7 – RELATED PARTY AND PARTY-IN-INTEREST TRANSACTIONS

P.T. Services Rehabilitation, Inc. common stock is held by the ESOP and the Company is a party-in-interest to the Plan.

NOTE 8 – RISKS AND UNCERTAINTIES

The Plan's investment in the Company stock has varying degrees of risk, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with this investment, it is reasonably possible that changes in the value of the investment will occur in the near term and such changes could materially affect the amounts reported in the statements of net assets (deficit) available for benefits.

NOTE 9 – PLAN TERMINATION

The Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon such termination of the Plan, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms and the Code. Upon termination of the Plan, the Trustees will pay all liabilities and expenses of the trust fund and sell shares of the financed common stock held in the loan suspense account to the extent it determines such sale to be necessary in order to repay the loan.

NOTE 10 – TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service dated August 9, 2017, stating that the Plan is qualified, under Internal Revenue Code (IRC) Section 401(a) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in accordance with the IRC to maintain its qualification. The plan sponsor has indicated that it will take the necessary steps, if any, to maintain the Plan's qualified status.

Additionally, the plan administrator believes the Plan is being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

P.T. SERVICES REHABILITATION, INC. EMPLOYEE STOCK OWNERSHIP PLAN

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

DECEMBER 31, 2017

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost	Current Value
*	P.T. Services Rehabilitation, Inc.	Common stock - P.T. Services Rehabilitation, Inc. voting stock, 500 shares	<u>\$ 11,000,000</u>	<u>\$ 380,000</u>
*	Indicates party-in-interest			

See report of independent auditors.