# 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**

## Part I Annual Report Identification Information

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

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

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

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

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

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

**1a** Name of plan
FLEXIBLE BUSINESS SYSTEMS 401(K) PROFIT SHARING PLAN & TRUST

**1b** Three-digit plan number (PN) ▶ 001

**1c** Effective date of plan 03/01/1994

**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)
FLEXIBLE BUSINESS SYSTEMS

380 OSER AVE
HAUPPAUGE, NY 11788

**2b** Employer Identification Number (EIN)
11-2772357

**2c** Plan Sponsor's telephone number
631-756-0404

**2d** Business code (see instructions)
541512

**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. | 10/15/2018 | JOSEPH SAGGIO |
| | **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 |

**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 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** | 150 |
| **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)** | 115 |
| **a(2)** Total number of active participants at the end of the plan year | **6a(2)** | 110 |
| **b** Retired or separated participants receiving benefits | **6b** | 0 |
| **c** Other retired or separated participants entitled to future benefits | **6c** | 27 |
| **d** Subtotal. Add lines **6a(2)**, **6b**, and **6c** | **6d** | 137 |
| **e** Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. | **6e** | 0 |
| **f** Total. Add lines **6d** and **6e**. | **6f** | 137 |
| **g** Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 132 |
| **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:

2A 2E 2F 2G 2J 2S 2T 3D

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

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

| | | |
|---|---|---|
| **(1)** | [ ] | Insurance |
| **(2)** | [ ] | Code section 412(e)(3) insurance contracts |
| **(3)** | [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)** | [ ] | 0 | **A** (Insurance Information) |
| **(4)** | [X] | | **C** (Service Provider Information) |
| **(5)** | [ ] | | **D** (DFE/Participating Plan Information) |
| **(6)** | [ ] | | **G** (Financial Transaction Schedules) |

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

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

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

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

**11c** Enter the Receipt Confirmation Code for the 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 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.** | **2017**<br>**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
FLEXIBLE BUSINESS SYSTEMS 401(K) PROFIT SHARING PLAN & TRUST

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
FLEXIBLE BUSINESS SYSTEMS

**D** Employer Identification Number (EIN)
11-2772357

## 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

PAYCHEX SECURITIES CORPORATION
225 KENNETH DRIVE
ROCHESTER, NY 14623

16-1486352

**(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)

PAYCHEX, INC.

220 KENNETH DRIVE
ROCHESTER, NY 14623

16-1124166

| (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 26 | RECORDKEEPER | 11109 | Yes [ ] No [X] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

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

R. W. ROGE' AND COMPANY, INC.

PO BOX 557
BOHEMIA, NY 11716

| (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 26 | ADVISOR | 15189 | 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 [ ] |

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

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

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

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

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

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

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

## Part I Service Provider Information (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

(complete as many entries as needed)

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

# SCHEDULE H (Form 5500)

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 01/01/2017 and ending 12/31/2017

**A** Name of plan
FLEXIBLE BUSINESS SYSTEMS 401(K) PROFIT SHARING PLAN & TRUST

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
FLEXIBLE BUSINESS SYSTEMS

**D** Employer Identification Number (EIN)
11-2772357

## Part I Asset and Liability Statement

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

| Assets | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | 1a | 0 | |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | 0 | 0 |
| **(2)** Participant contributions | 1b(2) | 0 | 0 |
| **(3)** Other | 1b(3) | 0 | 0 |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | 7642 | 96904 |
| **(2)** U.S. Government securities | 1c(2) | 0 | |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | 1c(3)(A) | 0 | |
| **(B)** All other | 1c(3)(B) | 0 | |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | 1c(4)(A) | 0 | |
| **(B)** Common | 1c(4)(B) | 0 | |
| **(5)** Partnership/joint venture interests | 1c(5) | 0 | |
| **(6)** Real estate (other than employer real property) | 1c(6) | 0 | |
| **(7)** Loans (other than to participants) | 1c(7) | 0 | |
| **(8)** Participant loans | 1c(8) | 40230 | 33952 |
| **(9)** Value of interest in common/collective trusts | 1c(9) | 0 | 0 |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | | |
| **(11)** Value of interest in master trust investment accounts | 1c(11) | 0 | 0 |
| **(12)** Value of interest in 103-12 investment entities | 1c(12) | 0 | 0 |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | 1c(13) | 4307446 | 5350950 |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | 0 | 0 |

| | | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|---|
| **1d** | Employer-related investments: | | | |
| | **(1)** Employer securities | 1d(1) | 0 | |
| | **(2)** Employer real property | 1d(2) | 0 | |
| **e** | Buildings and other property used in plan operation | 1e | 0 | |
| **f** | Total assets (add all amounts in lines 1a through 1e) | 1f | 4355318 | 5481806 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | 0 | |
| **h** | Operating payables | 1h | 0 | |
| **i** | Acquisition indebtedness | 1i | 0 | |
| **j** | Other liabilities | 1j | 0 | |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | 0 | 0 |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 4355318 | 5481806 |

## 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) | 0 | |
| | **(B)** Participants | 2a(1)(B) | 499411 | |
| | **(C)** Others (including rollovers) | 2a(1)(C) | 39114 | |
| | **(2)** Noncash contributions | 2a(2) | | |
| | **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 538525 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | 661 | |
| | **(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) | 1619 | |
| | **(F)** Other | 2b(1)(F) | | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 2280 |
| | **(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) | 151942 | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 151942 |
| | **(3)** Rents | 2b(3) | | |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | | |
| | **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | 0 |
| | **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | 2b(5)(A) | | |
| | **(B)** Other | 2b(5)(B) | | |
| | **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | 0 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| (6) Net investment gain (loss) from common/collective trusts | 2b(6) | | 0 |
| (7) Net investment gain (loss) from pooled separate accounts | 2b(7) | | 0 |
| (8) Net investment gain (loss) from master trust investment accounts | 2b(8) | | 0 |
| (9) Net investment gain (loss) from 103-12 investment entities | 2b(9) | | 0 |
| (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | 756604 |
| c Other income | 2c | | |
| d Total income. Add all **income** amounts in column (b) and enter total | 2d | | 1449351 |
| **Expenses** | | | |
| e Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 293440 | |
| (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) | | 293440 |
| f Corrective distributions (see instructions) | 2f | | 5753 |
| g Certain deemed distributions of participant loans (see instructions) | 2g | | 0 |
| h Interest expense | 2h | | |
| i Administrative expenses: (1) Professional fees | 2i(1) | | |
| (2) Contract administrator fees | 2i(2) | 788 | |
| (3) Investment advisory and management fees | 2i(3) | 22882 | |
| (4) Other | 2i(4) | 0 | |
| (5) Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 23670 |
| j Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 322863 |
| **Net Income and Reconciliation** | | | |
| k Net income (loss). Subtract line **2j** from line **2d** | 2k | | 1126488 |
| 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) [X] Disclaimer (4) [ ] Adverse

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

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

(1) Name: PALMETTO, MOLLO, MOLINARO & PASSARE (2) EIN: 11-2472100

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

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

## Part IV Compliance Questions

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

During the plan year:

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

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

**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
FLEXIBLE BUSINESS SYSTEMS 401(K) PROFIT SHARING PLAN & TRUST

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
FLEXIBLE BUSINESS SYSTEMS

**D** Employer Identification Number (EIN)
11-2772357

## Part I Distributions

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

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

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

EIN(s): 16-1470238

**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**

## 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): _____

---

**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):

# FLEXIBLE BUSINESS SYSTEMS, INC.
# 401(K) PROFIT SHARING PLAN & TRUST

## FINANCIAL STATEMENTS AND
## INDEPENDENT AUDITORS' REPORT

For the Years Ended December 31, 2017 and 2016

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# INDEPENDENT AUDITORS' REPORT

To the Trustees of
Flexible Business Systems, Inc. 401(k) Profit Sharing Plan and Trust
Hauppauge, NY 11788

**Report on the Financial Statements**

We were engaged to audit the accompanying financial statements of Flexible Business Systems, Inc. 401(k) Profit Sharing Plan and Trust which comprise the statements of net assets available for benefits as of December 31, 2017 and 2016, and the related statements of changes in net assets available for benefits for the year then ended 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United State 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 fund 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 Mid Atlantic Trust Company, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the fund administrator that Mid Atlantic Trust Company holds the Fund's investment assets and executes investment transactions. The fund administrator has obtained a certification from Mid Atlantic Trust Company as of and for the years ended December 31, 2017 and 2016, that the information provided to the fund administrator by Mid Atlantic Trust Company 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**

We were engaged for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets held for investment purposes, which are the responsibility of plan management, are presented for the purpose of additional analysis and are not a required part of the financial statements but are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion of the supplemental schedules referred to above.

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

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by Mid Atlantic Trust Company, 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.

Palmetto, Mollo, Molinaro & Passarello, LLP

Melville, New York
October 14, 2018



Philip C. Palmetto, CPA, P.C.
Dean J. Mollo, CPA, P.C.
Robert Molinaro, CPA, P.C.
Sebastian L. Passarello, CPA, P.C.
Paula S. Vogel, CPA, P.C.
Bart A. Cohen CPA, P.C.

YourFinancialSolutionsPartner

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FLEXIBLE BUSINESS SYSTEMS, INC. 401(K) PROFIT SHARING PLAN & TRUST

## STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2017 & 2016

| | 2017 | 2016 |
|---|---|---|
| ASSETS | | |
| Investments: | | |
| Mutual funds (at fair value) (Notes 2,3,4 and 5) | $ 5,447,854 | $ 4,315,088 |
| | 5,447,854 | 4,315,088 |
| Receivables: | | |
| Participant loans receivable (Notes 1,3 and 5) | 33,952 | 40,230 |
| | 33,952 | 40,230 |
| TOTAL ASSETS | 5,481,806 | 4,355,318 |
| LIABILITIES | 0 | 0 |
| NET ASSETS AVAILABLE FOR BENEFITS | $ 5,481,806 | $ 4,355,318 |

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





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FLEXIBLE BUSINESS SYSTEMS, INC. 401(K) PROFIT SHARING PLAN & TRUST

## STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the Years Ended December 31, 2017 & 2016

| | 2017 | 2016 |
|---|---|---|
| ADDITIONS TO NET ASSETS ATTRIBUTED TO: | | |
| Investment income: | | |
| Interest income | $ 2,280 | $ 1,165 |
| Dividend income | 151,942 | 201,064 |
| Net appreciation in fair value of investments | 756,604 | 153,209 |
| Contributions: | | |
| Participant contributions | 499,411 | 388,368 |
| Rollover contributions | 39,114 | 148,470 |
| TOTAL ADDITIONS | 1,449,351 | 892,276 |
| DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO: | | |
| Distributions to participants | 293,440 | 63,146 |
| Corrective distributions | 5,753 | 15,750 |
| Administrative expenses | 23,670 | 1,665 |
| TOTAL DEDUCTIONS | 322,863 | 80,561 |
| NET INCREASE IN NET ASSETS | 1,126,488 | 811,715 |
| NET ASSETS AVAILABLE FOR BENEFITS - BEGINNING OF YEAR | 4,355,318 | 3,543,603 |
| NET ASSETS AVAILABLE FOR BENEFITS - END OF YEAR | $ 5,481,806 | $ 4,355,318 |

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





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FLEXIBLE BUSINESS SYSTEMS, INC.
401(K) PROFIT SHARING PLAN & TRUST

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2017 and 2016

**Note 1 – Description of Plan**

The following brief description of the Flexible Business Systems (the "Company") 401(K) Profit Sharing Plan & Trust (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

**General**

The Plan is a defined contribution plan, formed on March 1, 1994, covering all employees of the Company not covered by a collective bargaining agreement who have attained three months of service and are age twenty-one or older. The Plan is intended to meet the requirements of the Small Business Job Protection Act of 1996 and the Taxpayer Relief Act of 1997 and the Employee Retirement Income Security Act ("ERISA") of 1974 and all subsequent tax acts.

**Contributions**

Each year, participants may contribute an amount not to exceed $18,000 and $18,000 ($24,000 and $24,000 for participants age 50 and over), for the years ended December 31, 2017 and 2016, respectively, of pretax annual compensation, as defined in the Plan, limited to certain restrictions as defined in the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers a variety of mutual funds and guaranteed interest accounts as investment options for participants.

The Company may elect to make discretionary profit sharing contributions to the plan. Discretionary profit sharing contributions are allocated based on the relationship of compensation to total compensation for all participants. The Company did not make a profit sharing contribution for the year ended December 31, 2017 and 2016.

**Participant Accounts**

Each participant's account is credited with the participant's contribution and an allocation of Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

FLEXIBLE BUSINESS SYSTEMS, INC.
401(K) PROFIT SHARING PLAN & TRUST

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2017 and 2016

**Note 1 – Description of Plan (continued)**

**Vesting**

Participants are immediately vested in their contributions plus accrued earnings thereon. Vesting in the Company's contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. A participant is 100% vested after six years of credited service. Notwithstanding the above, a Participant shall be fully vested in his/her entire account upon the Participant's death or disability.

**Participants Loans**

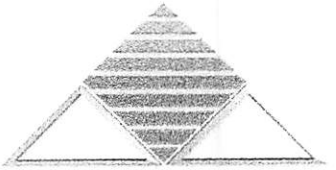
Participants may borrow from their fund accounts up to a maximum equal to the lesser of $50,000 or 95 percent of 50% of their vested account balance. The loans are secured by the balance in the participant's account and bear interest at a reasonable interest rate at the origination of the loan determined by the Plan Administrator. Principal and interest is paid ratably through monthly payroll deductions. All loans are required to be repaid within four and one-half years of the original date except for loans made for principal residence which is 10 years.

**Payment of Benefits**

Upon termination of service due to death, disability or retirement, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account or an annuity payment paid over the actuarial computed remaining life of the participant.

**Plan Restatement**

Effective April 19, 2017, the Plan was restated to comply with the requirements of the Pension Protection Act of 2006 and other applicable guidance. The restatement had no effect on benefits or net assets.







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FLEXIBLE BUSINESS SYSTEMS, INC.
401(K) PROFIT SHARING PLAN & TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

## Note 2 – Summary of Significant Accounting Policies

### Basis of Accounting

The financial statements of the Plan are prepared using the accrual method of accounting.

### Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Plan Administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

### Investment Valuation and Income Recognition

The Plan's investment in equity mutual funds are stated at fair value. If available, quoted market prices are used to value investments. The amounts shown in Note 3 for investments that have no quoted market price represent estimated fair value as determined by the Plan's Administrator, Mid Atlantic & Trust Company.

### Payments and Benefits

Benefits are recorded when paid.





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FLEXIBLE BUSINESS SYSTEMS, INC.
401(K) PROFIT SHARING PLAN & TRUST

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2017 and 2016

**Note 3 – Fair Value Measurements**

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits.

| | | Fair Value Measurements Using: | | |
|---|---|---|---|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| December 31, 2017 | | | | |
| Mutual funds | $ 5,447,854 | $ 5,447,854 | $ 0 | $ 0 |
| Participant loans | 33,952 | 0 | 0 | 33,952 |
| Totals | $ 5,481,806 | $ 5,447,854 | $ 0 | $ 33,952 |
| December 31, 2016 | | | | |
| Mutual funds | $ 4,315,088 | $ 4,315,088 | $ 0 | $ 0 |
| Participant loans | 40,230 | 0 | 0 | 40,230 |
| Totals | $ 4,355,318 | $ 4,315,088 | $ 0 | $ 40,230 |





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FLEXIBLE BUSINESS SYSTEMS, INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

**Note 3 – Fair Value Measurements (continued)**

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

SFAS No.157, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

*Level 1 Fair Value Measurements*

The fair value of mutual funds is based on quoted net asset values of the shares held by the Plan at year-end. The fair values of mutual funds are based on quoted market prices.

*Level 3 Fair Value Measurements*

The participant loans and contributions receivable are not actively traded and significant other observable inputs are not available. The fair value of participant loans is equal to the amortized cost of the loans because the loans are secured by each respective participant's account balance. The following table provides further details of the Level 3 fair value measurements.

The fair value of guaranteed interest accounts for which quoted market prices are not available is based on contract value.

For those assets with fair value measured using Level 3 inputs, the Plan administrator determines the fair value measurement policies and procedures. Those policies and procedures are reassessed 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.





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**NOTES TO FINANCIAL STATEMENTS**

December 31, 2017 and 2016

**Note 3 – Fair Value Measurements (continued)**

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

| | Participant Loans | Total |
|---|---|---|
| December 31, 2017 | | |
| Beginning balance | $ 40,230 | $ 40,230 |
| Total gains or losses (realized and unrealized) included in changes in net assets available for benefits | 0 | 0 |
| Purchases, sales, issuances, and settlements (net) | (6,278) | (6,278) |
| Ending Balance | $ 33,952 | $ 33,952 |

| | Participant Loans | Total |
|---|---|---|
| December 31, 2016 | | |
| Beginning balance | $ 23,098 | $ 23,098 |
| Total gains or losses (realized and unrealized) included in changes in net assets available for benefits | 0 | 0 |
| Purchases, sales, issuances, and settlements (net) | 17,132 | 17,132 |
| Ending Balance | $ 40,230 | $ 40,230 |

Gains and losses (realized and unrealized) included in changes in net assets available for benefits for the years ended December 31, 2017 and 2016 are reported in net appreciation (depreciation) in fair value of investments.

FLEXIBLE BUSINESS SYSTEMS, INC.
401(K) PROFIT SHARING PLAN & TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

### Note 4 – Investments

The following table represents the fair value of investments as of December 31, 2017 and 2016 which represent 5% or more of the Plan's net assets:

| | 2017 | 2016 |
|---|---|---|
| Equity Mutual Funds: | | |
| American Balanced Fund | $ N/A | $ 342,792 |
| American Capital World Growth & Income Fund | N/A | 531,856 |
| American Fundemental Investors Fund | N/A | 187,565 |
| American Growth Fund of America | N/A | 1,025,228 |
| American Smallcap World Fund | N/A | 314,452 |
| American Washington Mutual Investors Fund | N/A | 660,419 |
| Neuberger Berman Genesis Fund Class R6 | 374,768 | N/A |
| Primecap Odyssey Stock Fund | 1,366,715 | N/A |
| Vanguard 500 Index Fund Admiral Shares | 1,246,634 | N/A |
| Vanguard Equity Income Fund Admiral Shares | 784,709 | N/A |
| Vanguard Target Retirement 2050 Inv | 613,113 | N/A |

The Plan's investments (including investments bought, sold and held during the year) appreciated in value by $908,546 during the year ended December 31, 2017 and appreciated in value by $354,273 during the year ended December 31, 2016.

### Note 5 – Information Certified by Mid Atlantic Trust Company

The Plan assets at December 31, 2017 and 2016 were invested in registered investment companies in a contract issued by Mid Atlantic Trust Company at December 31, 2017 and 2016. The following information was certified by Mid Atlantic Trust Company as complete and accurate in accordance with Section 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA:

| | 2017 | 2016 |
|---|---|---|
| Investments: | | |
| Mutual funds (at fair value) | $ 5,447,854 | $ 4,315,088 |
| Receivables: | | |
| Participant loans | $ 33,952 | $ 40,230 |
| Net appreciation in fair value of investments | $ 908,546 | $ 354,273 |

FLEXIBLE BUSINESS SYSTEMS, INC.
401(K) PROFIT SHARING PLAN & TRUST

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2017 and 2016

**Note 6 – 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 the Plan is terminated by the Company, the rights of all affected employees to the benefits accrued to date of such termination shall vest and become non-forfeitable. In the event of termination, participants will become 100 percent vested in their accounts.

**Note 7 - Tax Status**

The Company has adopted a Prototype Plan sponsored by Paychex, Inc. The Internal Revenue Service has determined and informed Paychex, Inc. by letter dated April 10, 2014 that the plan is designed in accordance with applicable sections of the Internal Revenue Code. The Company is not required to apply for a separate determination letter. The Plan has been restated since receiving the determination letter. However, the Plan Administrator and Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require the plan administrator to evaluate tax positions taken by the plan and recognize a tax liability for any uncertain position that more likely than not would not be sustained upon examination by the IRS. The plan is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress. The plan administrator believes the Plan is no longer subject to income tax examinations for the years prior to 2014.

**Note 8 – Administration of Plan Assets**

The Plan's individual participant account records are maintained by Paychex, Inc., an independent third party administrator.

The Plan's assets are held by Mid Atlantic Trust Company ("Mid Atlantic"). Mid Atlantic provides record keeping and investment services to the Plan. Company and participant contributions are managed by Mid Atlantic, which invests cash received, interest and dividend income and makes distributions to participants.

No officer or employee receives compensation from the Plan. Administrative expenses for the Plan are paid to Mid Atlantic and the independent auditors' fees are paid by the Company.





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NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

**Note 9 – Related Party Transactions**

Certain Plan investments are shares of registered investment companies managed by Mid Atlantic Trust Company. Mid Atlantic Trust Company is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Purchases and sales of these funds are open market transactions at fair market value. Such transactions are permitted under the provisions of the Plan and are exempt from the prohibition of party-in-interest transactions under ERISA and applicable exemptions promulgated there under.

**Note 10 – Risks and Uncertainties**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statement of Net Assets Available for Benefits.

**Note 11 – Reconciliation to Form 5500**

The differences between the information reported in the financial statements and the information reported in the Form 5500 arise primarily from presenting the financial statements on the accrual basis of accounting.

The following is a reconciliation of total assets, investments in equity mutual funds, total liabilities, and contributions at December 31, 2017 and 2016:

| | 2017 | 2016 |
|---|---|---|
| Total Assets per Form 5500 | $ 5,481,806 | $ 4,355,318 |
| Contribution Receivable | 0 | 0 |
| Rounding | 0 | 0 |
| Total Assets, accrual basis | $ 5,481,806 | $ 4,355,318 |





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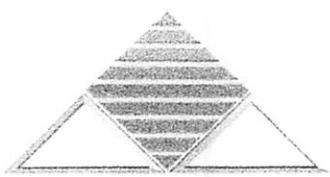
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2017 and 2016

**Note 11 – Reconciliation to Form 5500 (continued)**

| | 2017 | 2016 |
|---|---|---|
| Total Corrective Distributions per Form 5500 | $ 5,753 | $ 15,750 |
| Excess Contributions Payable, accrual basis | 0 | 0 |
| Total Corrective Distributions, accrual basis | $ 5,753 | $ 15,750 |
| | | |
| Participant Contributions per Form 5500 | $ 499,411 | $ 388,368 |
| Excess Contributions Payable, accrual basis | 0 | 0 |
| Participant Contributions, accrual basis | $ 499,411 | $ 388,368 |

SUPPLEMENTARY SCHEDULES





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**SCHEDULE OF ASSETS (HELD AT END OF YEAR)**

For the Year Ended December 31, 2017

EIN 11-2772357, PLAN 001, FORM 5500, SCHEDULE H, LINE 4i

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest collateral, par, or maturity value | (d) Cost | (e) Current Value |
|---|---|---|---|---|
| | Baird Core Plus Bond Fund | Interest in registered investment companies | N/A | 139,965 |
| | Columbia Quality Income Fund | Interest in registered investment companies | N/A | 3 |
| | Franklin High Income Fund A | Interest in registered investment companies | N/A | 5 |
| | Neuberger Berman Genesis Fund Class R6 | Interest in registered investment companies | N/A | 374,768 |
| | PIMCO Income Fund Inst | Interest in registered investment companies | N/A | 167,476 |
| | PNC Small Cap Fund A | Interest in registered investment companies | N/A | 8 |
| | Primecap Odyssey Stock Fund | Interest in registered investment companies | N/A | 1,366,715 |
| | Principal MidCap S&P 400 Index Fund R3 | Interest in registered investment companies | N/A | 55 |
| | Vanguard 500 Index Admiral Shares | Interest in registered investment companies | N/A | 1,246,634 |
| | Vanguard Equity Income Fund Admiral Shares | Interest in registered investment companies | N/A | 784,709 |
| | Vanguard Explorer Value Fund Inv | Interest in registered investment companies | N/A | 252,495 |
| | Vanguard Extended Market Index Admiral Shares | Interest in registered investment companies | N/A | 2,010 |
| | Vanguard Federal Money Market Fund | Interest in registered investment companies | N/A | 96,904 |
| | Vanguard Target Retirement 2025 Inv | Interest in registered investment companies | N/A | 11,946 |
| | Vanguard Target Retirement 2030 Inv | Interest in registered investment companies | N/A | 57,210 |
| | Vanguard Target Retirement 2035 Inv | Interest in registered investment companies | N/A | 6,688 |
| | Vanguard Target Retirement 2040 Inv | Interest in registered investment companies | N/A | 40,304 |
| | Vanguard Target Retirement 2045 Inv | Interest in registered investment companies | N/A | 4,154 |
| | Vanguard Target Retirement 2050 Inv | Interest in registered investment companies | N/A | 613,112 |
| | Vanguard Target Retirement 2055 Inv | Interest in registered investment companies | N/A | 40,558 |
| | Vanguard Target Retirement 2060 Inv | Interest in registered investment companies | N/A | 18,238 |
| | Vanguard Total Bond Market Index Admiral Shares | Interest in registered investment companies | N/A | 138,624 |
| | Vanguard Total International Bond Index Admiral Shares | Interest in registered investment companies | N/A | 5,121 |
| | Vanguard Total International Stock Index Admiral Shares | Interest in registered investment companies | N/A | 72,639 |
| | Vanguard Total Stock Market Index Admiral Shares | Interest in registered investment companies | N/A | 7,512 |
| | Victory Sycamore Small Company Opportunity Fund A | Interest in registered investment companies | N/A | 1 |
| | TOTAL INVESTMENT IN MUTUAL FUNDS | | | $ 5,447,854 |
| | PARTICIPANT LOANS | Participant loans, 4.25% - 5.5% | N/A | $ 33,952 |

The accompanying notes are an integral part of these financial statements





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**SCHEDULE OF ASSETS (ACQUIRED AND DISPOSED OF WITHIN YEAR)**

For the Year Ended December 31, 2017

EIN 11-2772357, PLAN 001, FORM 5500, SCHEDULE H, LINE 4i

| (a) Identity of issue, borrower, lessor, or similar party | (b) Description of investment including maturity date, rate of interest collateral, par, or maturity value | (c) Cost of acquisitions | (d) Proceeds of dispositions |
|---|---|---|---|
| Participant Loans | Participant loans, 4.25% - 5.50% | $ 0 | $ 0 |

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





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