# 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

**2018**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2018 or fiscal plan year beginning 07/01/2018 and ending 12/31/2018

**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:
- [X] the first return/report
- [ ] the final return/report
- [X] an amended return/report
- [X] 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
DWH OWNERS PLAN

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

**1c** Effective date of plan 07/01/2018

**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)
DWH STOCK PLAN, INC.

1111 NORTH POST OAK ROAD
HOUSTON, TX 77055

**2b** Employer Identification Number (EIN)
82-3400304

**2c** Plan Sponsor's telephone number
713-963-0500

**2d** Business code (see instructions)
236110

**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. | 09/26/2019 | HEATHER HUMPHREY |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 09/26/2019 | HEATHER HUMPHREY |
| | **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** | 1715 |
| **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)** | 1715 |
| **a(2)** Total number of active participants at the end of the plan year | **6a(2)** | 1572 |
| **b** Retired or separated participants receiving benefits | **6b** | 0 |
| **c** Other retired or separated participants entitled to future benefits | **6c** | 11 |
| **d** Subtotal. Add lines **6a(2)**, **6b**, and **6c** | **6d** | 1583 |
| **e** Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. | **6e** | 0 |
| **f** Total. Add lines **6d** and **6e**. | **6f** | 1583 |
| **g** Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 998 |
| **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:
2I 2P 2Q 3H 3I

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

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

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

**a Pension Schedules**

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

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

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

**b General Schedules**

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

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

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

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

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

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

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

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

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

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

**11c** Enter the Receipt Confirmation Code for the 2018 Form M-1 annual report. If the plan was not required to file the 2018 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.** | **2018**<br>**This Form is Open to Public Inspection.** |

For calendar plan year 2018 or fiscal plan year beginning 07/01/2018 and ending 12/31/2018

**A** Name of plan
DWH OWNERS PLAN

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

**C** Plan sponsor's name as shown on line 2a of Form 5500
DWH STOCK PLAN, INC.

**D** Employer Identification Number (EIN)
82-3400304

## Part I Service Provider Information (see instructions)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Part I Service Provider Information (continued)

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

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

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

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

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

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

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

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

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

| **(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

**2018**

**This Form is Open to Public Inspection**

For calendar plan year 2018 or fiscal plan year beginning 07/01/2018 and ending 12/31/2018

**A** Name of plan
DWH OWNERS PLAN

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

**C** Plan sponsor's name as shown on line 2a of Form 5500
DWH STOCK PLAN, INC.

**D** Employer Identification Number (EIN)
82-3400304

## Part I Asset and Liability Statement

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

| Assets | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | 1a | 0 | 0 |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | 0 | 285473 |
| **(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) | | |
| **(2)** U.S. Government securities | 1c(2) | | |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | 1c(3)(A) | | |
| **(B)** All other | 1c(3)(B) | | |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | 1c(4)(A) | | |
| **(B)** Common | 1c(4)(B) | | |
| **(5)** Partnership/joint venture interests | 1c(5) | | |
| **(6)** Real estate (other than employer real property) | 1c(6) | | |
| **(7)** Loans (other than to participants) | 1c(7) | | |
| **(8)** Participant loans | 1c(8) | | |
| **(9)** Value of interest in common/collective trusts | 1c(9) | | |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | | |
| **(11)** Value of interest in master trust investment accounts | 1c(11) | | |
| **(12)** Value of interest in 103-12 investment entities | 1c(12) | | |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | 1c(13) | | |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | | |

| | | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|---|
| **1d** | Employer-related investments: | | | |
| | **(1)** Employer securities | 1d(1) | 0 | 9210000 |
| | **(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 | 0 | 9495473 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | 0 | |
| **h** | Operating payables | 1h | 0 | |
| **i** | Acquisition indebtedness | 1i | 0 | |
| **j** | Other liabilities | 1j | 0 | 972309 |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | 0 | 972309 |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 0 | 8523164 |

## 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) | 328456 | |
| | **(B)** Participants | 2a(1)(B) | 0 | |
| | **(C)** Others (including rollovers) | 2a(1)(C) | 0 | |
| | **(2)** Noncash contributions | 2a(2) | 0 | |
| | **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 328456 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | 0 | |
| | **(B)** U.S. Government securities | 2b(1)(B) | 0 | |
| | **(C)** Corporate debt instruments | 2b(1)(C) | 0 | |
| | **(D)** Loans (other than to participants) | 2b(1)(D) | 0 | |
| | **(E)** Participant loans | 2b(1)(E) | | |
| | **(F)** Other | 2b(1)(F) | 0 | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 0 |
| | **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | 0 | |
| | **(B)** Common stock | 2b(2)(B) | 0 | |
| | **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | 0 | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 0 |
| | **(3)** Rents | 2b(3) | | 0 |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | 0 | |
| | **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | 0 | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | 0 |
| | **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | 2b(5)(A) | 0 | |
| | **(B)** Other | 2b(5)(B) | 8210000 | |
| | **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | 8210000 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| (6) Net investment gain (loss) from common/collective trusts | 2b(6) | | 0 |
| (7) Net investment gain (loss) from pooled separate accounts | 2b(7) | | 0 |
| (8) Net investment gain (loss) from master trust investment accounts | 2b(8) | | 0 |
| (9) Net investment gain (loss) from 103-12 investment entities | 2b(9) | | 0 |
| (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | 0 |
| c Other income | 2c | | 0 |
| d Total income. Add all **income** amounts in column (b) and enter total | 2d | | 8538456 |
| **Expenses** | | | |
| e Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 0 | |
| (2) To insurance carriers for the provision of benefits | 2e(2) | 0 | |
| (3) Other | 2e(3) | 0 | |
| (4) Total benefit payments. Add lines **2e(1)** through **(3)** | 2e(4) | | 0 |
| f Corrective distributions (see instructions) | 2f | | 0 |
| g Certain deemed distributions of participant loans (see instructions) | 2g | | |
| h Interest expense | 2h | | 15292 |
| i Administrative expenses: (1) Professional fees | 2i(1) | 0 | |
| (2) Contract administrator fees | 2i(2) | 0 | |
| (3) Investment advisory and management fees | 2i(3) | 0 | |
| (4) Other | 2i(4) | 0 | |
| (5) Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 0 |
| j Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 15292 |
| **Net Income and Reconciliation** | | | |
| k Net income (loss). Subtract line **2j** from line **2d** | 2k | | 8523164 |
| l Transfers of assets: | | | |
| (1) To this plan | 2l(1) | | 0 |
| (2) From this plan | 2l(2) | | |

## Part III Accountant's Opinion

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

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

**(1)** [ ] Unqualified **(2)** [ ] Qualified **(3)** [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: RSM US LLP **(2)** EIN: 41-1944416

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

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

## Part IV Compliance Questions

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

During the plan year:

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

| | | | Yes | No | Amount |
|---|---|---|---|---|---|
| c | Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) | 4c | | X | 0 |
| d | Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) | 4d | | X | 0 |
| e | Was this plan covered by a fidelity bond? | 4e | X | | 5000000 |
| f | Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | |
| g | Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | | X | |
| h | Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | |
| i | Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | X | | |
| j | Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) | 4j | X | | |
| k | Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | |
| l | Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| m | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | X | |
| n | If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. | 4n | | | |

**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

**2018**

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

For calendar plan year 2018 or fiscal plan year beginning 07/01/2018 and ending 12/31/2018

**A** Name of plan
DWH OWNERS PLAN

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

**C** Plan sponsor's name as shown on line 2a of Form 5500
DWH STOCK PLAN, INC.

**D** Employer Identification Number (EIN)
82-3400304

## 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): _____ _____

**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): _____

**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):

# DWH Owners Plan

Financial Report
December 31, 2018

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

**Contents**


| | |
|---|---|
| Independent auditor's report | 1-2 |
| Financial statements | |
| Statement of net assets available for benefits | 3 |
| Statement of changes in net assets available for benefits | 4 |
| Notes to financial statements | 5-12 |
| Supplemental schedules | |
| Schedule H, line 4(i)—schedule of assets (held at end of year) | 13 |
| Schedule H, line 4(j)—schedule of reportable transactions | 14 |

RSM US LLP

# Independent Auditor's Report

Plan Administrator
DWH Owners Plan

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of DWH Owners Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2018, the related statement of changes in net assets available for benefits for the period from July 1, 2018 (date of inception) through December 31, 2018, and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis of Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

## Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified or provided by Argent Trust Company (Argent), the trustee of the Plan, except for comparing this information with the related information included in the financial statements. We have been informed by the Plan Administrator that the trustee hold the Plan's assets and execute transactions. The Plan Administrator has obtained certifications from the trustee as of December 31, 2018, and for the period from July 1, 2018 (date of inception) through December 31, 2018, that the information provided to the Plan Administrator by the trustee is complete and accurate.

## Disclaimer of Opinion

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



RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

**Emphasis of Matter—Significant Concentration**
As disclosed in Notes 4 and 6 to the financial statements, the fair value of the Plan's investment in DWH Stock Plan, Inc.'s common stock, representing approximately 100 percent of the Plan's assets as of December 31, 2018, has been determined by an independent appraiser in the absence of a readily determinable fair value. Because of the inherent uncertainty of valuation, the value may differ significantly from the value that would have been used had a ready market for the investments existed, and the differences could be material. Our opinion is not modified with respect to this matter.

**Other Matter––Report on Supplementary Information**
The supplemental schedules, Schedule H, Line 4i – Schedule of Assets (Held at End of Year), as of December 31, 2018, and Schedule H, Line 4j – Schedule of Reportable Transactions, for the year ended December 31, 2018, are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purposes of additional analysis and are not a required part of the financial statements. The supplemental schedules are the responsibility of the Plan's management. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedules.

**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 or provided by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

RSM US LLP

Dallas, Texas
September 17, 2019

**DWH Owners Plan**

**Statement of Net Assets Available for Benefits**
**December 31, 2018**

| | Allocated | Unallocated | Total |
|---|---|---|---|
| **Assets** | | | |
| Investments, at fair value: | | | |
| DWH Stock Plan, Inc. common stock | $ 1,759,461 | $ 7,450,539 | $ 9,210,000 |
| Receivables: | | | |
| Employer contributions receivable | 285,473 | - | 285,473 |
| **Total assets** | 2,044,934 | 7,450,539 | 9,495,473 |
| **Liabilities** | | | |
| Loan payable | - | 972,309 | 972,309 |
| **Total liabilities** | - | 972,309 | 972,309 |
| **Net assets available for benefits** | $ 2,044,934 | $ 6,478,230 | $ 8,523,164 |

See notes to financial statements.

**DWH Owners Plan**

**Statement of Changes in Net Assets Available for Benefits**
**For the Period July 1, 2018 (Date of Inception) Through December 31, 2018**

| | Allocated | Unallocated | Total |
|---|---|---|---|
| Additions: | | | |
| Investment income: | | | |
| Net appreciation in fair value of investments | $ 1,568,423 | $ 6,641,577 | $ 8,210,000 |
| Contributions: | | | |
| Employer | 285,473 | 42,983 | 328,456 |
| Allocation of 191,038 shares of common stock of DWH Stock Plan, Inc., at fair value | 191,038 | - | 191,038 |
| **Total additions** | 2,044,934 | 6,684,560 | 8,729,494 |
| Deductions: | | | |
| Interest expense | - | 15,292 | 15,292 |
| Allocation of 191,038 shares of common stock of DWH Stock Plan, Inc., at fair value | - | 191,038 | 191,038 |
| **Total deductions** | - | 206,330 | 206,330 |
| **Net increase in net assets available for benefits** | 2,044,934 | 6,478,230 | 8,523,164 |
| Net assets available for benefits: | | | |
| Beginning of year | - | - | - |
| End of year | $ 2,044,934 | $ 6,478,230 | $ 8,523,164 |

See notes to financial statements.

## Note 1. Plan Description

The following description of DWH Owners Plan (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

**General and eligibility:** DWH Stock Plan, Inc. (the Company or Plan Sponsor) originally established the Plan effective as of July 1, 2018. The Plan was amended and restated on December 31, 2018, effective as of July 1, 2018, and operates, in relevant part, 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 (IRC) of 1986, as amended and is subject to the applicable provisions of the *Employee Retirement Income Security Act of 1974* (ERISA), as amended.

The Plan is a defined contribution plan whereby eligible employees of Weekley Homes, LLC and its related and participating employers (as defined and collectively referred to as the Employer) are permitted to participate in the Plan. The Company has designated the ESOP Committee to act as the Plan Administrator. The Plan Administrator maintains trust fund records on a Plan year basis.

The Plan purchased Company common shares using the proceeds from a loan (see *Note 5*) from the Company, and holds the stock in a trust established under the Plan. The borrowings are to be repaid over a period of forty years by fully deductible Company contributions to the trust fund. As the Plan makes each payment of principal, an appropriate percentage of stock will be allocated to eligible employees' accounts in accordance with applicable regulations under the IRC.

**Eligibility:** Employees of the Employer are generally eligible to participate in the Plan. Those who are not eligible include: leased employees, union employees, those who are not on the payroll of the Company, employees with compensation in excess of $120,000 that have an equity interest in Weekley Homes Holding Company, LLC, and employees not employed on the last working day of the Plan.

Upon completing two years of service, employees of Weekley Homes, LLC are transferred into the DWH Owners, Inc. entity, which is 100% owned by DWH Stock Plan, Inc. Employees in DWH Owners, Inc. have met eligibility requirements for participation.

**Unallocated and allocated shares:** The borrowings are collateralized by the unallocated shares of stock. The Company has no rights against shares once they are allocated under the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2018 and for the period from July 1, 2018 (date of inception) through December 31, 2018, present separately the assets and liabilities and changes therein pertaining to:

- The accounts of employees with vested rights in allocated employer stock (allocated)
- Employer stock not yet allocated to employees (unallocated)

Shares are released from collateral and become allocated generally in the period in which debt service is actually paid.

The Plan is dependent on the Company's ability to provide contributions to the plan sufficient to service the debt of the Plan (Note 7). The Company provides employees to Weekley Homes, LLC, who is engaged in the design, construction and sale of single-family homes in various geographic locations around the United States of America. A significant downturn in those geographic locations could have a material adverse effect on the Company, its stock value and its ability to repay the related debt.

## Note 1. Plan Description (Continued)

**Employer contributions:** The Company makes an annual contribution to the Plan, which equals the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its term loan. Additionally, the Company may from time to time contribute cash or the Company stock to the Plan as determined by the Company's board of directors. Employee contributions are not permitted.

**Participant accounts:** The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited as of the last day of each plan year with an allocation of shares of the Company's common stock released by the trustee from the unallocated account. 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. Employer contributions are allocated to each participant's account based upon the relation of the participant's compensation to total 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 participant's beginning of the year account balances.

**Vesting:** Employees in DWH Owners, Inc. are 100 percent vested in the Company's contributions and earnings. An employee is transferred into the DWH Owners, Inc. entity after their first two years of service. A year of service means a plan year in which an employee receives credit for 1,000 hours of service; credit for an hour of service is given for each hour that an employee is paid or entitled to be paid for services to the Company.

**Put option:** Under federal income tax regulations, the employer stock that is held by the Plan and its participants is not readily tradable on an established market or is subject to trading limitations that include a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The Participant shall have the right to sell his or her Company stock to the Company at any time during the two option periods, at a price equal to the fair market value of the stock as of the most recent valuation date. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash for the owned shares.

**Payment of benefits:** No distributions from the Plan will be made until a participant retires, becomes permanently disabled, dies (in which case, payment shall be made to the participant's beneficiary or, if none, their legal representatives), or otherwise terminates employment with the Company. Benefit payments are paid out in the form of cash. Participants will be paid their vested balances over a five-year period after a one-year break-in-service period (the waiting period) if their vested balance at the end of their termination year is greater than $5,000. If the participant's vested balance is less than $5,000, distributions are made in a lump-sum in the year following termination. In-service distributions are permitted for those participants meeting the age requirements, subject to certain criteria as defined by the Plan agreement.

At December 31, 2018, the Plan's assets include $15,169, allocated to accounts of terminated or retired participants who have not yet been paid. At December 31, 2018 $15,169 of the Plan's assets were vested and payable to terminated employees.

## Note 1. Plan Description (Continued)

**Voting rights:** The trustee votes all shares of Company stock held by the Plan with respect to corporate matters upon which Company shareholders are entitled to vote. In the case of any shareholder vote that is required for approval or disapproval of corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution or sale of substantially all the assets of the Company, each participant is entitled to exercise voting rights attributable to the shares allocated to their account and is notified by the trustee prior to the time that such rights are to be exercised, to the extent that the trustee determines that the participant decision is in the financial best interest of the Plan. The trustee is permitted to vote any allocated share for which a participant has not exercised their voting rights.

**Forfeitures:** Plan forfeitures are allocated to each participant's account based upon the relative amount of the participant's compensation to total compensation for the plan year. There were no forfeitures of terminated nonvested account balances allocated to remaining participants at December 31, 2018 and no unallocated forfeitures remained in Plan assets as of December 31, 2018.

**Diversification:** Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company stock into investments that are more diversified. Participants who are at least age 55 with at least 10 years of service 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 percent of the number of shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50 percent. The first year diversification is allowed is 2028.

**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 the participant's beneficiary at the time prescribed by the Plan terms and the IRC. Upon termination of the Plan, the plan administrator shall direct the trustee to pay all liabilities and expenses of the trust fund and to sell shares of financed stock held in the unallocated stock account to the extent it determines such sale to be necessary in order to repay the loan.

## Note 2. Summary of Significant Accounting Policies

**Basis of accounting:** The accompanying financial statements 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 management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Investment valuation and income recognition:** The common shares of the Company are valued annually at their estimated fair value as of December 31 by independent appraisers appointed by the trustee. Fair value as of December 31, 2018 was determined to be $9.21 per share. The ESOP Committee reviewed the appraisal and found it to be reasonable. Interest income is recorded on the accrual basis. Net appreciation in fair value of investments includes the Plan's gains and losses related to changes in the fair value of common stock year over year.

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

### Note 2. Summary of Significant Accounting Policies (Continued)

**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. Shares are released from collateral and become allocated generally in the period in which debt service is actually paid.

**Administrative expenses:** Administrative expenses may be paid by the Company or the Plan, at the Company's discretion. Officers of the Company perform certain administrative functions. No such officer or employee receives compensation from the Plan. Administrative expenses for the trustee's fees are paid directly by the Company, and are excluded from these financial statements.

**Recent accounting pronouncements:** In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement: Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. This amendment modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt any removed or modified disclosures and delay adoption of the additional disclosures until their effective date. The adoption of this standard is not expected to significantly impact the Plan's financial statements.

### Note 3. Administration of Plan Assets

At December 31, 2018, the third-party trustee of the Plan holds the Plan's assets, which consist principally of Company common shares. Company contributions are held and managed by the trustee, who invests cash received, interest and dividend income and makes distributions to participants. The trustee also administers the payment of interest and principal on the loan, which is paid through contributions as determined by the Company.

### Note 4. Information Certified and Provided by Argent

The following is a summary of the Plan's asset and income information as of December 31, 2018, and for the period from July 1, 2018 (inception of plan) to December 31, 2018, included throughout the Plan's financial statements and supplemental schedules, that was prepared or derived from information provided by the trustee, Argent Trust Company (Argent), and furnished to the Plan Administrator. The Plan Administrator has obtained a certification from the trustee that information provided to the Plan Administrator by the trustee related to the following assets and income, are complete and accurate to the best of their knowledge. Accordingly as permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, the Plan Administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to the information which appears throughout the financial statements and supplemental schedules related to the following assets and income:

| Investment Type | Allocated | Unallocated |
|---|---|---|
| DWH Owners Plan: | | |
| Number of common stock shares | $ 191,038 | $ 808,962 |
| Cost | $ 191,038 | $ 808,962 |
| Fair value | $ 1,759,461 | $ 7,450,539 |
| Total fair value | $ 1,759,461 | $ 7,450,539 |
| Investment Income, net appreciation in fair value of investments | $ 1,568,423 | $ 6,641,577 |

### Note 5. Loan Payable

In July 2018, the Plan entered into a $1,000,000 term loan agreement with the Company. The proceeds of the loan were used to purchase 1,000,000 shares of the Company's common stock. Unallocated shares are collateral for the loan. The agreement provides for the loan to be repaid by December 31, 2057. The loan bears interest at the rate of 3.05 percent. The loan was amended on June 5, 2019 due to a substantial prepayment on the loan payable. The amendment adjusted the annual installments of principal and interest based on the adjusted note balance as of December 31, 2018.

The scheduled payments required for the loan at December 31, 2018 are as follows (the 2019 future payments includes the prepayment of $285,473 made in 2019):

| | |
|---|---|
| 2019 | $ 294,888 |
| 2020 | 9,645 |
| 2021 | 9,996 |
| 2022 | 10,301 |
| 2023 | 10,615 |
| Thereafter | 636,864 |
| | $ 972,309 |

## Note 6. Fair Value Measurements

ASC 820, *Fair Value Measurement and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

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

**Level 2:** Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

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

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, 2018.

- **DWH Stock Plan, Inc. common stock:** Valued at estimated fair value as determined by an independent appraiser. The Company's stock is not available for purchase in public markets. Accordingly, an independent appraisal was conducted taking into consideration historical financial data, current business operations, future prospects for the Company, projected cash flows and other factors pertinent to the valuation of investments.

Fair value determinations for Level 3 measurements of securities are the responsibility of management. Management contracts with a pricing specialist to generate fair value estimates on an annual basis. Management challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

The following table presents the fair value measurements of assets recognized in the accompanying statements of net assets available for benefits measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2018:

| | | December 31, 2018 | | |
|---|---|---|---|---|
| | | Fair Value Measurements Using | | |
| Investment Type | Fair Value | Quoted Prices in Active Markets Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| DWH Stock Plan, Inc. common stock | $ 9,210,000 | $ - | $ - | $ 9,210,000 |

### Note 6. Fair Value Measurements (Continued)

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

**Level 3 reconciliation:** The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of net assets available for benefits using significant unobservable (Level 3) inputs:

| | DWH Stock Plan, Inc. |
|---|---|
| Balance, July 1, 2018 (date of inception) | $ - |
| Total purchases of common stock | 1,000,000 |
| Total net appreciation included in net assets available for benefits | 8,210,000 |
| Balance, December 31, 2018 | $ 9,210,000 |

Net appreciation for items reflected in the table above are included in net increase in net assets available for benefits in the accompanying statements of changes in net assets available for benefits.

**Unobservable (Level 3) inputs:** The following table presents quantitative and qualitative information about unobservable inputs used in recurring Level 3 fair value measurements.

| | Fair Value at December 31, 2018 | Valuation Technique | Unobservable Inputs |
|---|---|---|---|
| DWH Stock Plan, Inc. common stock | $ 9,210,000 | Discounted cash flows | Weighted-average cost of capital<br>Long-term revenue growth rate<br>Long-term pretax operating margin<br>Discount for lack of marketability |

### Note 7. Tax Status

The Plan has received a determination letter dated December 12, 2018, in which the Internal Revenue Service stated that the Plan and related trust, as then designed, were in compliance with the applicable requirements of the IRC and therefore not subject to tax. The Plan was restated on December 31, 2018 to comply with certain changes requested by the IRS to comply with the favorable determination letter.

Accounting principles generally accepted in the United States of America require the Plan's management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

### Note 8. Risks and Uncertainties

The Plan primarily invests in Company common stock, which is exposed to various risks, such as credit and market risk. Due to the level of risk associated with such investment securities and the level of uncertainty related to changes in the value of such investment, it is at least reasonably possible that changes in risk in the near term could materially affect the participants' account balances and the amounts reported in the accompanying 2018 statement of net assets available for benefits.

### Note 9. Related-Party and Party-In-Interest Transactions

Party-in-interest transactions include those with fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer whose employees are covered by the Plan, an employee organization whose members are covered by the Plan, a person who owns 50 percent or more of such an employer or employee association or relatives of such persons. The Plan invests in Company common stock and borrows money from the Company. The Plan has a number of service providers. Such providers are parties in interest under ERISA. The Company provides certain administrative services at no cost to the Plan.

### Note 10. Subsequent Events

Subsequent events have been evaluated through September 17, 2019, which is the date the financial statements were available to be issued.

**DWH Owners Plan**

**Schedule H, Line 4(i)—Schedule of Assets (Held at End of Year)**
**December 31, 2018**
**EIN:82-3400304**
**PN:001**

| Identity of Issuer | Description of Investment | Cost | Current Value |
|---|---|---|---|
| * DWH Stock Plan, Inc. | 1,000,000 shares of common stock | $ 1,000,000 | $ 9,210,000 |
| | | $ 1,000,000 | $ 9,210,000 |

* Party-in-interest

The above information has been certified by Argent, the Trustee, as complete and accurate.

See independent auditor's report

**DWH Owners Plan**

**Schedule H, Line 4(j)—Schedule of Reportable Transactions**
**For the Year Ended December 31, 2018**
**EIN:82-3400304**
**PN:001**

| Identity of Party Involved | Description of Asset | Purchase Price | Selling Price | Cost of Asset | Current Value of Asset on Transaction Date ** | Net Gain |
|---|---|---|---|---|---|---|
| * DWH Stock Plan, Inc. | 1,000,000 shares of common stock | $1,000,000 | $ - | $1,000,000 | $ 1,000,000 | $ - |
| | | $1,000,000 | $ - | $1,000,000 | $ 1,000,000 | $ - |

* Party-in-interest

** The transaction date was July 1, 2018

The above information has been certified by Argent, the Trustee, as complete and accurate.

See independent auditor's report

# DWH Owners Plan

Financial Report
December 31, 2018

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

**Contents**


| | |
|---|---|
| Independent auditor's report | 1-2 |
| Financial statements | |
| Statement of net assets available for benefits | 3 |
| Statement of changes in net assets available for benefits | 4 |
| Notes to financial statements | 5-12 |
| Supplemental schedules | |
| Schedule H, line 4(i)—schedule of assets (held at end of year) | 13 |
| Schedule H, line 4(j)—schedule of reportable transactions | 14 |

RSM US LLP

# Independent Auditor's Report

Plan Administrator
DWH Owners Plan

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of DWH Owners Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2018, the related statement of changes in net assets available for benefits for the period from July 1, 2018 (date of inception) through December 31, 2018, and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis of Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

## Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified or provided by Argent Trust Company (Argent), the trustee of the Plan, except for comparing this information with the related information included in the financial statements. We have been informed by the Plan Administrator that the trustee hold the Plan's assets and execute transactions. The Plan Administrator has obtained certifications from the trustee as of December 31, 2018, and for the period from July 1, 2018 (date of inception) through December 31, 2018, that the information provided to the Plan Administrator by the trustee is complete and accurate.

## Disclaimer of Opinion

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



RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

**Emphasis of Matter—Significant Concentration**
As disclosed in Notes 4 and 6 to the financial statements, the fair value of the Plan's investment in DWH Stock Plan, Inc.'s common stock, representing approximately 100 percent of the Plan's assets as of December 31, 2018, has been determined by an independent appraiser in the absence of a readily determinable fair value. Because of the inherent uncertainty of valuation, the value may differ significantly from the value that would have been used had a ready market for the investments existed, and the differences could be material. Our opinion is not modified with respect to this matter.

**Other Matter––Report on Supplementary Information**
The supplemental schedules, Schedule H, Line 4i – Schedule of Assets (Held at End of Year), as of December 31, 2018, and Schedule H, Line 4j – Schedule of Reportable Transactions, for the year ended December 31, 2018, are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purposes of additional analysis and are not a required part of the financial statements. The supplemental schedules are the responsibility of the Plan's management. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedules.

**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 or provided by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

RSM US LLP

Dallas, Texas
September 17, 2019

**DWH Owners Plan**

**Statement of Net Assets Available for Benefits**
**December 31, 2018**

| | Allocated | Unallocated | Total |
|---|---|---|---|
| **Assets** | | | |
| Investments, at fair value: | | | |
| DWH Stock Plan, Inc. common stock | $ 1,759,461 | $ 7,450,539 | $ 9,210,000 |
| Receivables: | | | |
| Employer contributions receivable | 285,473 | - | 285,473 |
| **Total assets** | 2,044,934 | 7,450,539 | 9,495,473 |
| **Liabilities** | | | |
| Loan payable | - | 972,309 | 972,309 |
| **Total liabilities** | - | 972,309 | 972,309 |
| **Net assets available for benefits** | $ 2,044,934 | $ 6,478,230 | $ 8,523,164 |

See notes to financial statements.

**DWH Owners Plan**

**Statement of Changes in Net Assets Available for Benefits**
**For the Period July 1, 2018 (Date of Inception) Through December 31, 2018**

| | Allocated | Unallocated | Total |
|---|---|---|---|
| Additions: | | | |
| Investment income: | | | |
| Net appreciation in fair value of investments | $ 1,568,423 | $ 6,641,577 | $ 8,210,000 |
| Contributions: | | | |
| Employer | 285,473 | 42,983 | 328,456 |
| Allocation of 191,038 shares of common stock of DWH Stock Plan, Inc., at fair value | 191,038 | - | 191,038 |
| **Total additions** | 2,044,934 | 6,684,560 | 8,729,494 |
| Deductions: | | | |
| Interest expense | - | 15,292 | 15,292 |
| Allocation of 191,038 shares of common stock of DWH Stock Plan, Inc., at fair value | - | 191,038 | 191,038 |
| **Total deductions** | - | 206,330 | 206,330 |
| **Net increase in net assets available for benefits** | 2,044,934 | 6,478,230 | 8,523,164 |
| Net assets available for benefits: | | | |
| Beginning of year | - | - | - |
| End of year | $ 2,044,934 | $ 6,478,230 | $ 8,523,164 |

See notes to financial statements.

## Note 1. Plan Description

The following description of DWH Owners Plan (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

**General and eligibility:** DWH Stock Plan, Inc. (the Company or Plan Sponsor) originally established the Plan effective as of July 1, 2018. The Plan was amended and restated on December 31, 2018, effective as of July 1, 2018, and operates, in relevant part, 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 (IRC) of 1986, as amended and is subject to the applicable provisions of the *Employee Retirement Income Security Act of 1974* (ERISA), as amended.

The Plan is a defined contribution plan whereby eligible employees of Weekley Homes, LLC and its related and participating employers (as defined and collectively referred to as the Employer) are permitted to participate in the Plan. The Company has designated the ESOP Committee to act as the Plan Administrator. The Plan Administrator maintains trust fund records on a Plan year basis.

The Plan purchased Company common shares using the proceeds from a loan (see *Note 5*) from the Company, and holds the stock in a trust established under the Plan. The borrowings are to be repaid over a period of forty years by fully deductible Company contributions to the trust fund. As the Plan makes each payment of principal, an appropriate percentage of stock will be allocated to eligible employees' accounts in accordance with applicable regulations under the IRC.

**Eligibility:** Employees of the Employer are generally eligible to participate in the Plan. Those who are not eligible include: leased employees, union employees, those who are not on the payroll of the Company, employees with compensation in excess of $120,000 that have an equity interest in Weekley Homes Holding Company, LLC, and employees not employed on the last working day of the Plan.

Upon completing two years of service, employees of Weekley Homes, LLC are transferred into the DWH Owners, Inc. entity, which is 100% owned by DWH Stock Plan, Inc. Employees in DWH Owners, Inc. have met eligibility requirements for participation.

**Unallocated and allocated shares:** The borrowings are collateralized by the unallocated shares of stock. The Company has no rights against shares once they are allocated under the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2018 and for the period from July 1, 2018 (date of inception) through December 31, 2018, present separately the assets and liabilities and changes therein pertaining to:

- The accounts of employees with vested rights in allocated employer stock (allocated)
- Employer stock not yet allocated to employees (unallocated)

Shares are released from collateral and become allocated generally in the period in which debt service is actually paid.

The Plan is dependent on the Company's ability to provide contributions to the plan sufficient to service the debt of the Plan (Note 7). The Company provides employees to Weekley Homes, LLC, who is engaged in the design, construction and sale of single-family homes in various geographic locations around the United States of America. A significant downturn in those geographic locations could have a material adverse effect on the Company, its stock value and its ability to repay the related debt.

## Note 1. Plan Description (Continued)

**Employer contributions:** The Company makes an annual contribution to the Plan, which equals the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its term loan. Additionally, the Company may from time to time contribute cash or the Company stock to the Plan as determined by the Company's board of directors. Employee contributions are not permitted.

**Participant accounts:** The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited as of the last day of each plan year with an allocation of shares of the Company's common stock released by the trustee from the unallocated account. 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. Employer contributions are allocated to each participant's account based upon the relation of the participant's compensation to total 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 participant's beginning of the year account balances.

**Vesting:** Employees in DWH Owners, Inc. are 100 percent vested in the Company's contributions and earnings. An employee is transferred into the DWH Owners, Inc. entity after their first two years of service. A year of service means a plan year in which an employee receives credit for 1,000 hours of service; credit for an hour of service is given for each hour that an employee is paid or entitled to be paid for services to the Company.

**Put option:** Under federal income tax regulations, the employer stock that is held by the Plan and its participants is not readily tradable on an established market or is subject to trading limitations that include a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The Participant shall have the right to sell his or her Company stock to the Company at any time during the two option periods, at a price equal to the fair market value of the stock as of the most recent valuation date. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash for the owned shares.

**Payment of benefits:** No distributions from the Plan will be made until a participant retires, becomes permanently disabled, dies (in which case, payment shall be made to the participant's beneficiary or, if none, their legal representatives), or otherwise terminates employment with the Company. Benefit payments are paid out in the form of cash. Participants will be paid their vested balances over a five-year period after a one-year break-in-service period (the waiting period) if their vested balance at the end of their termination year is greater than $5,000. If the participant's vested balance is less than $5,000, distributions are made in a lump-sum in the year following termination. In-service distributions are permitted for those participants meeting the age requirements, subject to certain criteria as defined by the Plan agreement.

At December 31, 2018, the Plan's assets include $15,169, allocated to accounts of terminated or retired participants who have not yet been paid. At December 31, 2018 $15,169 of the Plan's assets were vested and payable to terminated employees.

## Note 1. Plan Description (Continued)

**Voting rights:** The trustee votes all shares of Company stock held by the Plan with respect to corporate matters upon which Company shareholders are entitled to vote. In the case of any shareholder vote that is required for approval or disapproval of corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution or sale of substantially all the assets of the Company, each participant is entitled to exercise voting rights attributable to the shares allocated to their account and is notified by the trustee prior to the time that such rights are to be exercised, to the extent that the trustee determines that the participant decision is in the financial best interest of the Plan. The trustee is permitted to vote any allocated share for which a participant has not exercised their voting rights.

**Forfeitures:** Plan forfeitures are allocated to each participant's account based upon the relative amount of the participant's compensation to total compensation for the plan year. There were no forfeitures of terminated nonvested account balances allocated to remaining participants at December 31, 2018 and no unallocated forfeitures remained in Plan assets as of December 31, 2018.

**Diversification:** Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company stock into investments that are more diversified. Participants who are at least age 55 with at least 10 years of service 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 percent of the number of shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50 percent. The first year diversification is allowed is 2028.

**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 the participant's beneficiary at the time prescribed by the Plan terms and the IRC. Upon termination of the Plan, the plan administrator shall direct the trustee to pay all liabilities and expenses of the trust fund and to sell shares of financed stock held in the unallocated stock account to the extent it determines such sale to be necessary in order to repay the loan.

## Note 2. Summary of Significant Accounting Policies

**Basis of accounting:** The accompanying financial statements 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 management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Investment valuation and income recognition:** The common shares of the Company are valued annually at their estimated fair value as of December 31 by independent appraisers appointed by the trustee. Fair value as of December 31, 2018 was determined to be $9.21 per share. The ESOP Committee reviewed the appraisal and found it to be reasonable. Interest income is recorded on the accrual basis. Net appreciation in fair value of investments includes the Plan's gains and losses related to changes in the fair value of common stock year over year.

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

### Note 2. Summary of Significant Accounting Policies (Continued)

**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. Shares are released from collateral and become allocated generally in the period in which debt service is actually paid.

**Administrative expenses:** Administrative expenses may be paid by the Company or the Plan, at the Company's discretion. Officers of the Company perform certain administrative functions. No such officer or employee receives compensation from the Plan. Administrative expenses for the trustee's fees are paid directly by the Company, and are excluded from these financial statements.

**Recent accounting pronouncements:** In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement: Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. This amendment modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt any removed or modified disclosures and delay adoption of the additional disclosures until their effective date. The adoption of this standard is not expected to significantly impact the Plan's financial statements.

### Note 3. Administration of Plan Assets

At December 31, 2018, the third-party trustee of the Plan holds the Plan's assets, which consist principally of Company common shares. Company contributions are held and managed by the trustee, who invests cash received, interest and dividend income and makes distributions to participants. The trustee also administers the payment of interest and principal on the loan, which is paid through contributions as determined by the Company.

### Note 4. Information Certified and Provided by Argent

The following is a summary of the Plan's asset and income information as of December 31, 2018, and for the period from July 1, 2018 (inception of plan) to December 31, 2018, included throughout the Plan's financial statements and supplemental schedules, that was prepared or derived from information provided by the trustee, Argent Trust Company (Argent), and furnished to the Plan Administrator. The Plan Administrator has obtained a certification from the trustee that information provided to the Plan Administrator by the trustee related to the following assets and income, are complete and accurate to the best of their knowledge. Accordingly as permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, the Plan Administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to the information which appears throughout the financial statements and supplemental schedules related to the following assets and income:

| Investment Type | Allocated | Unallocated |
|---|---|---|
| DWH Owners Plan: | | |
| Number of common stock shares | $ 191,038 | $ 808,962 |
| Cost | $ 191,038 | $ 808,962 |
| Fair value | $ 1,759,461 | $ 7,450,539 |
| Total fair value | $ 1,759,461 | $ 7,450,539 |
| Investment Income, net appreciation in fair value of investments | $ 1,568,423 | $ 6,641,577 |

### Note 5. Loan Payable

In July 2018, the Plan entered into a $1,000,000 term loan agreement with the Company. The proceeds of the loan were used to purchase 1,000,000 shares of the Company's common stock. Unallocated shares are collateral for the loan. The agreement provides for the loan to be repaid by December 31, 2057. The loan bears interest at the rate of 3.05 percent. The loan was amended on June 5, 2019 due to a substantial prepayment on the loan payable. The amendment adjusted the annual installments of principal and interest based on the adjusted note balance as of December 31, 2018.

The scheduled payments required for the loan at December 31, 2018 are as follows (the 2019 future payments includes the prepayment of $285,473 made in 2019):

| | |
|---|---|
| 2019 | $ 294,888 |
| 2020 | 9,645 |
| 2021 | 9,996 |
| 2022 | 10,301 |
| 2023 | 10,615 |
| Thereafter | 636,864 |
| | $ 972,309 |

## Note 6. Fair Value Measurements

ASC 820, *Fair Value Measurement and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

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

**Level 2:** Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

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

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, 2018.

- **DWH Stock Plan, Inc. common stock:** Valued at estimated fair value as determined by an independent appraiser. The Company's stock is not available for purchase in public markets. Accordingly, an independent appraisal was conducted taking into consideration historical financial data, current business operations, future prospects for the Company, projected cash flows and other factors pertinent to the valuation of investments.

Fair value determinations for Level 3 measurements of securities are the responsibility of management. Management contracts with a pricing specialist to generate fair value estimates on an annual basis. Management challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

The following table presents the fair value measurements of assets recognized in the accompanying statements of net assets available for benefits measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2018:

| | | December 31, 2018 | | |
|---|---|---|---|---|
| | | Fair Value Measurements Using | | |
| Investment Type | Fair Value | Quoted Prices in Active Markets Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| DWH Stock Plan, Inc. common stock | $ 9,210,000 | $ - | $ - | $ 9,210,000 |

### Note 6. Fair Value Measurements (Continued)

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

**Level 3 reconciliation:** The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of net assets available for benefits using significant unobservable (Level 3) inputs:

| | DWH Stock Plan, Inc. |
|---|---|
| Balance, July 1, 2018 (date of inception) | $ - |
| Total purchases of common stock | 1,000,000 |
| Total net appreciation included in net assets available for benefits | 8,210,000 |
| Balance, December 31, 2018 | $ 9,210,000 |

Net appreciation for items reflected in the table above are included in net increase in net assets available for benefits in the accompanying statements of changes in net assets available for benefits.

**Unobservable (Level 3) inputs:** The following table presents quantitative and qualitative information about unobservable inputs used in recurring Level 3 fair value measurements.

| | Fair Value at December 31, 2018 | Valuation Technique | Unobservable Inputs |
|---|---|---|---|
| DWH Stock Plan, Inc. common stock | $ 9,210,000 | Discounted cash flows | Weighted-average cost of capital<br>Long-term revenue growth rate<br>Long-term pretax operating margin<br>Discount for lack of marketability |

### Note 7. Tax Status

The Plan has received a determination letter dated December 12, 2018, in which the Internal Revenue Service stated that the Plan and related trust, as then designed, were in compliance with the applicable requirements of the IRC and therefore not subject to tax. The Plan was restated on December 31, 2018 to comply with certain changes requested by the IRS to comply with the favorable determination letter.

Accounting principles generally accepted in the United States of America require the Plan's management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

### Note 8. Risks and Uncertainties

The Plan primarily invests in Company common stock, which is exposed to various risks, such as credit and market risk. Due to the level of risk associated with such investment securities and the level of uncertainty related to changes in the value of such investment, it is at least reasonably possible that changes in risk in the near term could materially affect the participants' account balances and the amounts reported in the accompanying 2018 statement of net assets available for benefits.

### Note 9. Related-Party and Party-In-Interest Transactions

Party-in-interest transactions include those with fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer whose employees are covered by the Plan, an employee organization whose members are covered by the Plan, a person who owns 50 percent or more of such an employer or employee association or relatives of such persons. The Plan invests in Company common stock and borrows money from the Company. The Plan has a number of service providers. Such providers are parties in interest under ERISA. The Company provides certain administrative services at no cost to the Plan.

### Note 10. Subsequent Events

Subsequent events have been evaluated through September 17, 2019, which is the date the financial statements were available to be issued.

**DWH Owners Plan**

**Schedule H, Line 4(i)—Schedule of Assets (Held at End of Year)**
**December 31, 2018**
**EIN:82-3400304**
**PN:001**

| Identity of Issuer | Description of Investment | Cost | Current Value |
|---|---|---|---|
| * DWH Stock Plan, Inc. | 1,000,000 shares of common stock | $ 1,000,000 | $ 9,210,000 |
| | | $ 1,000,000 | $ 9,210,000 |

* Party-in-interest

The above information has been certified by Argent, the Trustee, as complete and accurate.

See independent auditor's report

**DWH Owners Plan**

**Schedule H, Line 4(j)—Schedule of Reportable Transactions**
**For the Year Ended December 31, 2018**
**EIN:82-3400304**
**PN:001**

| Identity of Party Involved | Description of Asset | Purchase Price | Selling Price | Cost of Asset | Current Value of Asset on Transaction Date ** | Net Gain |
|---|---|---|---|---|---|---|
| * DWH Stock Plan, Inc. | 1,000,000 shares of common stock | $1,000,000 | $ - | $1,000,000 | $ 1,000,000 | $ - |
| | | $1,000,000 | $ - | $1,000,000 | $ 1,000,000 | $ - |

* Party-in-interest

** The transaction date was July 1, 2018

The above information has been certified by Argent, the Trustee, as complete and accurate.

See independent auditor's report

# DWH Owners Plan

Financial Report
December 31, 2018

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

**Contents**


| | |
|---|---|
| Independent auditor's report | 1-2 |
| Financial statements | |
| Statement of net assets available for benefits | 3 |
| Statement of changes in net assets available for benefits | 4 |
| Notes to financial statements | 5-12 |
| Supplemental schedules | |
| Schedule H, line 4(i)—schedule of assets (held at end of year) | 13 |
| Schedule H, line 4(j)—schedule of reportable transactions | 14 |

RSM US LLP

# Independent Auditor's Report

Plan Administrator
DWH Owners Plan

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of DWH Owners Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2018, the related statement of changes in net assets available for benefits for the period from July 1, 2018 (date of inception) through December 31, 2018, and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis of Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

## Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified or provided by Argent Trust Company (Argent), the trustee of the Plan, except for comparing this information with the related information included in the financial statements. We have been informed by the Plan Administrator that the trustee hold the Plan's assets and execute transactions. The Plan Administrator has obtained certifications from the trustee as of December 31, 2018, and for the period from July 1, 2018 (date of inception) through December 31, 2018, that the information provided to the Plan Administrator by the trustee is complete and accurate.

## Disclaimer of Opinion

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



RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

**Emphasis of Matter—Significant Concentration**
As disclosed in Notes 4 and 6 to the financial statements, the fair value of the Plan's investment in DWH Stock Plan, Inc.'s common stock, representing approximately 100 percent of the Plan's assets as of December 31, 2018, has been determined by an independent appraiser in the absence of a readily determinable fair value. Because of the inherent uncertainty of valuation, the value may differ significantly from the value that would have been used had a ready market for the investments existed, and the differences could be material. Our opinion is not modified with respect to this matter.

**Other Matter––Report on Supplementary Information**
The supplemental schedules, Schedule H, Line 4i – Schedule of Assets (Held at End of Year), as of December 31, 2018, and Schedule H, Line 4j – Schedule of Reportable Transactions, for the year ended December 31, 2018, are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purposes of additional analysis and are not a required part of the financial statements. The supplemental schedules are the responsibility of the Plan's management. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedules.

**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 or provided by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

RSM US LLP

Dallas, Texas
September 17, 2019

**DWH Owners Plan**

**Statement of Net Assets Available for Benefits**
**December 31, 2018**

| | Allocated | Unallocated | Total |
|---|---|---|---|
| **Assets** | | | |
| Investments, at fair value: | | | |
| DWH Stock Plan, Inc. common stock | $ 1,759,461 | $ 7,450,539 | $ 9,210,000 |
| Receivables: | | | |
| Employer contributions receivable | 285,473 | - | 285,473 |
| **Total assets** | 2,044,934 | 7,450,539 | 9,495,473 |
| **Liabilities** | | | |
| Loan payable | - | 972,309 | 972,309 |
| **Total liabilities** | - | 972,309 | 972,309 |
| **Net assets available for benefits** | $ 2,044,934 | $ 6,478,230 | $ 8,523,164 |

See notes to financial statements.

**DWH Owners Plan**

**Statement of Changes in Net Assets Available for Benefits**
**For the Period July 1, 2018 (Date of Inception) Through December 31, 2018**

| | Allocated | Unallocated | Total |
|---|---|---|---|
| Additions: | | | |
| Investment income: | | | |
| Net appreciation in fair value of investments | $ 1,568,423 | $ 6,641,577 | $ 8,210,000 |
| Contributions: | | | |
| Employer | 285,473 | 42,983 | 328,456 |
| Allocation of 191,038 shares of common stock of DWH Stock Plan, Inc., at fair value | 191,038 | - | 191,038 |
| **Total additions** | 2,044,934 | 6,684,560 | 8,729,494 |
| Deductions: | | | |
| Interest expense | - | 15,292 | 15,292 |
| Allocation of 191,038 shares of common stock of DWH Stock Plan, Inc., at fair value | - | 191,038 | 191,038 |
| **Total deductions** | - | 206,330 | 206,330 |
| **Net increase in net assets available for benefits** | 2,044,934 | 6,478,230 | 8,523,164 |
| Net assets available for benefits: | | | |
| Beginning of year | - | - | - |
| End of year | $ 2,044,934 | $ 6,478,230 | $ 8,523,164 |

See notes to financial statements.

## Note 1. Plan Description

The following description of DWH Owners Plan (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

**General and eligibility:** DWH Stock Plan, Inc. (the Company or Plan Sponsor) originally established the Plan effective as of July 1, 2018. The Plan was amended and restated on December 31, 2018, effective as of July 1, 2018, and operates, in relevant part, 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 (IRC) of 1986, as amended and is subject to the applicable provisions of the *Employee Retirement Income Security Act of 1974* (ERISA), as amended.

The Plan is a defined contribution plan whereby eligible employees of Weekley Homes, LLC and its related and participating employers (as defined and collectively referred to as the Employer) are permitted to participate in the Plan. The Company has designated the ESOP Committee to act as the Plan Administrator. The Plan Administrator maintains trust fund records on a Plan year basis.

The Plan purchased Company common shares using the proceeds from a loan (see *Note 5*) from the Company, and holds the stock in a trust established under the Plan. The borrowings are to be repaid over a period of forty years by fully deductible Company contributions to the trust fund. As the Plan makes each payment of principal, an appropriate percentage of stock will be allocated to eligible employees' accounts in accordance with applicable regulations under the IRC.

**Eligibility:** Employees of the Employer are generally eligible to participate in the Plan. Those who are not eligible include: leased employees, union employees, those who are not on the payroll of the Company, employees with compensation in excess of $120,000 that have an equity interest in Weekley Homes Holding Company, LLC, and employees not employed on the last working day of the Plan.

Upon completing two years of service, employees of Weekley Homes, LLC are transferred into the DWH Owners, Inc. entity, which is 100% owned by DWH Stock Plan, Inc. Employees in DWH Owners, Inc. have met eligibility requirements for participation.

**Unallocated and allocated shares:** The borrowings are collateralized by the unallocated shares of stock. The Company has no rights against shares once they are allocated under the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2018 and for the period from July 1, 2018 (date of inception) through December 31, 2018, present separately the assets and liabilities and changes therein pertaining to:

- The accounts of employees with vested rights in allocated employer stock (allocated)
- Employer stock not yet allocated to employees (unallocated)

Shares are released from collateral and become allocated generally in the period in which debt service is actually paid.

The Plan is dependent on the Company's ability to provide contributions to the plan sufficient to service the debt of the Plan (Note 7). The Company provides employees to Weekley Homes, LLC, who is engaged in the design, construction and sale of single-family homes in various geographic locations around the United States of America. A significant downturn in those geographic locations could have a material adverse effect on the Company, its stock value and its ability to repay the related debt.

## Note 1. Plan Description (Continued)

**Employer contributions:** The Company makes an annual contribution to the Plan, which equals the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its term loan. Additionally, the Company may from time to time contribute cash or the Company stock to the Plan as determined by the Company's board of directors. Employee contributions are not permitted.

**Participant accounts:** The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited as of the last day of each plan year with an allocation of shares of the Company's common stock released by the trustee from the unallocated account. 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. Employer contributions are allocated to each participant's account based upon the relation of the participant's compensation to total 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 participant's beginning of the year account balances.

**Vesting:** Employees in DWH Owners, Inc. are 100 percent vested in the Company's contributions and earnings. An employee is transferred into the DWH Owners, Inc. entity after their first two years of service. A year of service means a plan year in which an employee receives credit for 1,000 hours of service; credit for an hour of service is given for each hour that an employee is paid or entitled to be paid for services to the Company.

**Put option:** Under federal income tax regulations, the employer stock that is held by the Plan and its participants is not readily tradable on an established market or is subject to trading limitations that include a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The Participant shall have the right to sell his or her Company stock to the Company at any time during the two option periods, at a price equal to the fair market value of the stock as of the most recent valuation date. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash for the owned shares.

**Payment of benefits:** No distributions from the Plan will be made until a participant retires, becomes permanently disabled, dies (in which case, payment shall be made to the participant's beneficiary or, if none, their legal representatives), or otherwise terminates employment with the Company. Benefit payments are paid out in the form of cash. Participants will be paid their vested balances over a five-year period after a one-year break-in-service period (the waiting period) if their vested balance at the end of their termination year is greater than $5,000. If the participant's vested balance is less than $5,000, distributions are made in a lump-sum in the year following termination. In-service distributions are permitted for those participants meeting the age requirements, subject to certain criteria as defined by the Plan agreement.

At December 31, 2018, the Plan's assets include $15,169, allocated to accounts of terminated or retired participants who have not yet been paid. At December 31, 2018 $15,169 of the Plan's assets were vested and payable to terminated employees.

## Note 1. Plan Description (Continued)

**Voting rights:** The trustee votes all shares of Company stock held by the Plan with respect to corporate matters upon which Company shareholders are entitled to vote. In the case of any shareholder vote that is required for approval or disapproval of corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution or sale of substantially all the assets of the Company, each participant is entitled to exercise voting rights attributable to the shares allocated to their account and is notified by the trustee prior to the time that such rights are to be exercised, to the extent that the trustee determines that the participant decision is in the financial best interest of the Plan. The trustee is permitted to vote any allocated share for which a participant has not exercised their voting rights.

**Forfeitures:** Plan forfeitures are allocated to each participant's account based upon the relative amount of the participant's compensation to total compensation for the plan year. There were no forfeitures of terminated nonvested account balances allocated to remaining participants at December 31, 2018 and no unallocated forfeitures remained in Plan assets as of December 31, 2018.

**Diversification:** Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company stock into investments that are more diversified. Participants who are at least age 55 with at least 10 years of service 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 percent of the number of shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50 percent. The first year diversification is allowed is 2028.

**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 the participant's beneficiary at the time prescribed by the Plan terms and the IRC. Upon termination of the Plan, the plan administrator shall direct the trustee to pay all liabilities and expenses of the trust fund and to sell shares of financed stock held in the unallocated stock account to the extent it determines such sale to be necessary in order to repay the loan.

## Note 2. Summary of Significant Accounting Policies

**Basis of accounting:** The accompanying financial statements 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 management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Investment valuation and income recognition:** The common shares of the Company are valued annually at their estimated fair value as of December 31 by independent appraisers appointed by the trustee. Fair value as of December 31, 2018 was determined to be $9.21 per share. The ESOP Committee reviewed the appraisal and found it to be reasonable. Interest income is recorded on the accrual basis. Net appreciation in fair value of investments includes the Plan's gains and losses related to changes in the fair value of common stock year over year.

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

### Note 2. Summary of Significant Accounting Policies (Continued)

**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. Shares are released from collateral and become allocated generally in the period in which debt service is actually paid.

**Administrative expenses:** Administrative expenses may be paid by the Company or the Plan, at the Company's discretion. Officers of the Company perform certain administrative functions. No such officer or employee receives compensation from the Plan. Administrative expenses for the trustee's fees are paid directly by the Company, and are excluded from these financial statements.

**Recent accounting pronouncements:** In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement: Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. This amendment modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt any removed or modified disclosures and delay adoption of the additional disclosures until their effective date. The adoption of this standard is not expected to significantly impact the Plan's financial statements.

### Note 3. Administration of Plan Assets

At December 31, 2018, the third-party trustee of the Plan holds the Plan's assets, which consist principally of Company common shares. Company contributions are held and managed by the trustee, who invests cash received, interest and dividend income and makes distributions to participants. The trustee also administers the payment of interest and principal on the loan, which is paid through contributions as determined by the Company.

### Note 4. Information Certified and Provided by Argent

The following is a summary of the Plan's asset and income information as of December 31, 2018, and for the period from July 1, 2018 (inception of plan) to December 31, 2018, included throughout the Plan's financial statements and supplemental schedules, that was prepared or derived from information provided by the trustee, Argent Trust Company (Argent), and furnished to the Plan Administrator. The Plan Administrator has obtained a certification from the trustee that information provided to the Plan Administrator by the trustee related to the following assets and income, are complete and accurate to the best of their knowledge. Accordingly as permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, the Plan Administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to the information which appears throughout the financial statements and supplemental schedules related to the following assets and income:

| Investment Type | Allocated | Unallocated |
|---|---|---|
| DWH Owners Plan: | | |
| Number of common stock shares | $ 191,038 | $ 808,962 |
| Cost | $ 191,038 | $ 808,962 |
| Fair value | $ 1,759,461 | $ 7,450,539 |
| Total fair value | $ 1,759,461 | $ 7,450,539 |
| Investment Income, net appreciation in fair value of investments | $ 1,568,423 | $ 6,641,577 |

### Note 5. Loan Payable

In July 2018, the Plan entered into a $1,000,000 term loan agreement with the Company. The proceeds of the loan were used to purchase 1,000,000 shares of the Company's common stock. Unallocated shares are collateral for the loan. The agreement provides for the loan to be repaid by December 31, 2057. The loan bears interest at the rate of 3.05 percent. The loan was amended on June 5, 2019 due to a substantial prepayment on the loan payable. The amendment adjusted the annual installments of principal and interest based on the adjusted note balance as of December 31, 2018.

The scheduled payments required for the loan at December 31, 2018 are as follows (the 2019 future payments includes the prepayment of $285,473 made in 2019):

| | |
|---|---|
| 2019 | $ 294,888 |
| 2020 | 9,645 |
| 2021 | 9,996 |
| 2022 | 10,301 |
| 2023 | 10,615 |
| Thereafter | 636,864 |
| | $ 972,309 |

## Note 6. Fair Value Measurements

ASC 820, *Fair Value Measurement and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

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

**Level 2:** Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

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

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, 2018.

- **DWH Stock Plan, Inc. common stock:** Valued at estimated fair value as determined by an independent appraiser. The Company's stock is not available for purchase in public markets. Accordingly, an independent appraisal was conducted taking into consideration historical financial data, current business operations, future prospects for the Company, projected cash flows and other factors pertinent to the valuation of investments.

Fair value determinations for Level 3 measurements of securities are the responsibility of management. Management contracts with a pricing specialist to generate fair value estimates on an annual basis. Management challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

The following table presents the fair value measurements of assets recognized in the accompanying statements of net assets available for benefits measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2018:

| | | December 31, 2018 | | |
|---|---|---|---|---|
| | | Fair Value Measurements Using | | |
| Investment Type | Fair Value | Quoted Prices in Active Markets Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| DWH Stock Plan, Inc. common stock | $ 9,210,000 | $ - | $ - | $ 9,210,000 |

### Note 6. Fair Value Measurements (Continued)

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

**Level 3 reconciliation:** The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of net assets available for benefits using significant unobservable (Level 3) inputs:

| | DWH Stock Plan, Inc. |
|---|---|
| Balance, July 1, 2018 (date of inception) | $ - |
| Total purchases of common stock | 1,000,000 |
| Total net appreciation included in net assets available for benefits | 8,210,000 |
| Balance, December 31, 2018 | $ 9,210,000 |

Net appreciation for items reflected in the table above are included in net increase in net assets available for benefits in the accompanying statements of changes in net assets available for benefits.

**Unobservable (Level 3) inputs:** The following table presents quantitative and qualitative information about unobservable inputs used in recurring Level 3 fair value measurements.

| | Fair Value at December 31, 2018 | Valuation Technique | Unobservable Inputs |
|---|---|---|---|
| DWH Stock Plan, Inc. common stock | $ 9,210,000 | Discounted cash flows | Weighted-average cost of capital<br>Long-term revenue growth rate<br>Long-term pretax operating margin<br>Discount for lack of marketability |

### Note 7. Tax Status

The Plan has received a determination letter dated December 12, 2018, in which the Internal Revenue Service stated that the Plan and related trust, as then designed, were in compliance with the applicable requirements of the IRC and therefore not subject to tax. The Plan was restated on December 31, 2018 to comply with certain changes requested by the IRS to comply with the favorable determination letter.

Accounting principles generally accepted in the United States of America require the Plan's management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

### Note 8. Risks and Uncertainties

The Plan primarily invests in Company common stock, which is exposed to various risks, such as credit and market risk. Due to the level of risk associated with such investment securities and the level of uncertainty related to changes in the value of such investment, it is at least reasonably possible that changes in risk in the near term could materially affect the participants' account balances and the amounts reported in the accompanying 2018 statement of net assets available for benefits.

### Note 9. Related-Party and Party-In-Interest Transactions

Party-in-interest transactions include those with fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer whose employees are covered by the Plan, an employee organization whose members are covered by the Plan, a person who owns 50 percent or more of such an employer or employee association or relatives of such persons. The Plan invests in Company common stock and borrows money from the Company. The Plan has a number of service providers. Such providers are parties in interest under ERISA. The Company provides certain administrative services at no cost to the Plan.

### Note 10. Subsequent Events

Subsequent events have been evaluated through September 17, 2019, which is the date the financial statements were available to be issued.

**DWH Owners Plan**

**Schedule H, Line 4(i)—Schedule of Assets (Held at End of Year)**
**December 31, 2018**
**EIN:82-3400304**
**PN:001**

| Identity of Issuer | Description of Investment | Cost | Current Value |
|---|---|---|---|
| * DWH Stock Plan, Inc. | 1,000,000 shares of common stock | $ 1,000,000 | $ 9,210,000 |
| | | $ 1,000,000 | $ 9,210,000 |

* Party-in-interest

The above information has been certified by Argent, the Trustee, as complete and accurate.

See independent auditor's report

**DWH Owners Plan**

**Schedule H, Line 4(j)—Schedule of Reportable Transactions**
**For the Year Ended December 31, 2018**
**EIN:82-3400304**
**PN:001**

| Identity of Party Involved | Description of Asset | Purchase Price | Selling Price | Cost of Asset | Current Value of Asset on Transaction Date ** | Net Gain |
|---|---|---|---|---|---|---|
| * DWH Stock Plan, Inc. | 1,000,000 shares of common stock | $1,000,000 | $ - | $1,000,000 | $ 1,000,000 | $ - |
| | | $1,000,000 | $ - | $1,000,000 | $ 1,000,000 | $ - |

* Party-in-interest

** The transaction date was July 1, 2018

The above information has been certified by Argent, the Trustee, as complete and accurate.

See independent auditor's report