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 01/01/2018 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:
- [ ] the first return/report
- [ ] the final return/report
- [ ] an amended return/report
- [ ] a short plan year return/report (less than 12 months)

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

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

Part II Basic Plan Information—enter all requested information

1a Name of plan
FAZIO, INCORPORATED 401(K) PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/2006

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)
FAZIO, INCORPORATED

21333 OXNARD ST. FIRST FLOOR
WOODLAND HILLS, CA 91367

2b Employer Identification Number (EIN)
95-2314795

2c Plan Sponsor's telephone number
818-449-2234

2d Business code (see instructions)
812320

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	10/08/2019	CLAUDIA PILATAXI
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address [X] Same as Plan Sponsor

3b Administrator's EIN

3c Administrator's telephone number

4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report:
a Sponsor's name
c Plan Name

4b EIN

4d PN

5	Total number of participants at the beginning of the plan year	**5**	118
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)**	112
a(2)	Total number of active participants at the end of the plan year	**6a(2)**	135
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	7
d	Subtotal. Add lines **6a(2)**, **6b**, and **6c**	**6d**	142
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	1
f	Total. Add lines **6d** and **6e**.	**6f**	143
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	44
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:
2F 2G 2J 2K 2T 3D

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

9a Plan funding arrangement (check all that apply)

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

9b Plan benefit arrangement (check all that apply)

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

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

a Pension Schedules

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

b General Schedules

(1)	[X]	**H** (Financial Information)
(2)	[ ]	**I** (Financial Information – Small Plan)
(3)	[ ]	**A** (Insurance Information)
(4)	[X]	**C** (Service Provider Information)
(5)	[ ]	**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 Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2018** **This Form is Open to Public Inspection.**

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

A Name of plan
FAZIO, INCORPORATED 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
FAZIO, INCORPORATED

D Employer Identification Number (EIN)
95-2314795

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

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

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

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
37 64 65	RECORDKEEPER	1525	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [ ] No [X]

(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 01/01/2018 and ending 12/31/2018

A Name of plan
FAZIO, INCORPORATED 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
FAZIO, INCORPORATED

D Employer Identification Number (EIN)
95-2314795

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	0
(2) Participant contributions	1b(2)	0	0
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	10519	2274
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans	1c(8)	130053	140877
(9) Value of interest in common/collective trusts	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)	0	0
(11) Value of interest in master trust investment accounts	1c(11)	0	0
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	2460158	1961346
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)	0	0

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)	0	0
	(2) Employer real property	1d(2)	0	0
e	Buildings and other property used in plan operation	1e	0	0
f	Total assets (add all amounts in lines 1a through 1e)	1f	2600730	2104497
	Liabilities			
g	Benefit claims payable	1g	0	0
h	Operating payables	1h	0	0
i	Acquisition indebtedness	1i	0	0
j	Other liabilities	1j	0	0
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	2600730	2104497

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	0	
	(B) Participants	2a(1)(B)	83227	
	(C) Others (including rollovers)	2a(1)(C)	40288	
	(2) Noncash contributions	2a(2)	0	
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		123515
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	54	
	(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)	5109	
	(F) Other	2b(1)(F)	0	
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		5163
	(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)	161027	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		161027
	(3) Rents	2b(3)		0
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	0	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)	0	
	(B) Other	2b(5)(B)	0	
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		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)		-319334
c Other income	2c		0
d Total income. Add all **income** amounts in column (b) and enter total	2d		-29629
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	466468	
(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)		466468
f Corrective distributions (see instructions)	2f		1122
g Certain deemed distributions of participant loans (see instructions)	2g		-2511
h Interest expense	2h		0
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	0	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other	2i(4)	1525	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		1525
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		466604
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		-496233
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: MILLER KAPLAN ARASE LLP **(2)** EIN: 95-2036255

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

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

Part IV Compliance Questions

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

During the plan year:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a	X		4645
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	

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

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 01/01/2018 and ending 12/31/2018

A Name of plan
FAZIO, INCORPORATED 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
FAZIO, INCORPORATED

D Employer Identification Number (EIN)
95-2314795

Part I Distributions

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

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

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

EIN(s): 04-6568107

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 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):

FAZIO, INCORPORATED 401(k) PLAN

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

DRAFT FOR DISCUSSION PURPOSES ONLY

FAZIO, INCORPORATED 401(k) PLAN

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DRAFT FOR DISCUSSION PURPOSES ONLY

INDEPENDENT AUDITORS' REPORT

Fazio, Incorporated 401(k) Plan
21333 Oxnard Street
Woodland Hills, California 91367

DRAFT FOR DISCUSSION PURPOSES ONLY

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Fazio, Incorporated 401(k) Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statement of changes in net assets available for benefits for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2018 and 2017, and for the year ended 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.

Other Matters

The supplemental schedules of assets (held at end of year) as of December 31, 2018 and delinquent participant contributions for the year then ended are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these 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 by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

MILLER KAPLAN ARASE LLP

North Hollywood, California

_____, 2019

DRAFT FOR DISCUSSION PURPOSES ONLY

FAZIO, INCORPORATED 401(k) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31, 2018	December 31, 2017
ASSETS		
INVESTMENTS, AT FAIR VALUE		
Money Market Fund	$ 2,274	$ 10,519
Mutual Funds	1,961,346	2,460,158
TOTAL INVESTMENTS	1,963,620	2,470,677
RECEIVABLES		
Notes Receivable from Participants	140,877	130,053
Participant Contributions	7,374	6,006
TOTAL RECEIVABLES	148,251	136,059
NET ASSETS AVAILABLE FOR BENEFITS	$ 2,111,871	$ 2,606,736

DRAFT FOR DISCUSSION PURPOSES ONLY

FAZIO, INCORPORATED 401(k) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
JANUARY 1, 2018 TO DECEMBER 31, 2018

ADDITIONS	
INVESTMENT INCOME (LOSS)	
Interest and Dividends	$ 161,081
Net (Depreciation) of Investments	(319,334)
TOTAL INVESTMENT (LOSS)	(158,253)
CONTRIBUTIONS AND OTHER ADDITIONS	
Participant Contributions	84,595
Rollover Contributions	40,288
Interest Income - Notes Receivable from Participants	5,109
TOTAL CONTRIBUTIONS AND OTHER ADDITIONS	129,992
TOTAL ADDITIONS	(28,261)
DEDUCTIONS	
Benefits	465,079
Administrative Expenses	1,525
TOTAL DEDUCTIONS	466,604
NET (DECREASE)	(494,865)
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of Year	2,606,736
End of Year	$ 2,111,871

DRAFT FOR DISCUSSION PURPOSES ONLY

NOTE 1 - DESCRIPTION OF THE PLAN

Fazio, Incorporated 401(k) Plan (the "Plan") was established on January 1, 2007 to provide voluntary retirement benefits and tax-deferred savings opportunities to eligible employees, as defined in the Plan, of Fazio, Incorporated (the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The assets of the Plan are held in a trust by Fidelity Management Trust Company (the "Trustee").

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

A. Participation

Company employees are eligible to participate in the Plan upon completing one year of service (1,000 hours) by the end of a twelve-month period.

B. Benefits

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

C. Vesting

A participant is fully vested immediately as to voluntary contributions, rollovers, related earnings and the Company's safe harbor matching contributions.

D. Contributions

Participants may contribute to the Plan through tax-deferred salary reductions up to 15% of compensation, as defined in the Plan, up to a statutory maximum as determined by the Internal Revenue Code (the "Code"). Catch-up contributions are permitted.

The Company may, at its discretion, make matching contributions. There were no matching contributions for the year ended December 31, 2018.

E. Notes Receivable from Participants

A participant is allowed to borrow a maximum of 50% of his or her vested account balance up to $50,000. The minimum loan amount is $1,000. Loans must be repaid through payroll deductions within five years (except that loans for the purchase of a primary residence may be repaid over ten years). All loans bear interest at the prime rate plus 1%.

F. Expenses

Most administrative expenses are paid by the Company.

DRAFT FOR DISCUSSION PURPOSES ONLY

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

B. Estimates

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

C. Fair Value Measurements

Accounting guidance on measuring fair value establishes a hierarchy that prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Under the fair value hierarchy Level 1 inputs are quoted prices for identical securities in an active market. Level 2 inputs are quoted prices for similar instruments and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data. Level 3 inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The following tables summarize the Plan's investments at December 31, 2018 and 2017 based on the inputs used to value them:

	December 31, 2018			
Description	Level 1	Level 2	Level 3	Total
Money Market Fund	$ 2,274	$ -	$ -	$ 2,274
Mutual Funds	1,961,346	-	-	1,961,346
	$ 1,963,620	$ -	$ -	$ 1,963,620

	December 31, 2017			
Description	Level 1	Level 2	Level 3	Total
Money Market Fund	$ 10,519	$ -	$ -	$ 10,519
Mutual Funds	2,460,158	-	-	2,460,158
	$ 2,470,677	$ -	$ -	$ 2,470,677

Level 1 investments consist of a money market fund and mutual funds valued at fair value based on quoted market prices. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis.

D. Payments of Benefits

Benefits are recorded when paid.

DRAFT FOR DISCUSSION PURPOSES ONLY

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Risks and Uncertainties

The Plan provides for various investment options in any combination of investment securities offered by the Plan. Investment securities are exposed to various risks, such as interest rate, market fluctuations and credit risks. Due to the risk associated with certain investment securities, it is at least reasonably possible that changes in market values, interest rates or other factors in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

NOTE 3 - INCOME TAX STATUS

The Plan is based upon a Prototype Volume Submitter Profit Sharing Plan with CODA document that received tax exempt status from the Internal Revenue Service in a letter dated March 31, 2014. The Plan has since been amended, however, the plan administrator believes that the Plan is designed and currently being operated in compliance with the applicable requirements of the Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

GAAP requires management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken a tax position that more likely than not would not be sustained upon examination by a tax authority. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 4 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their accounts, and Plan assets would be distributed based upon the participants' account balances at that time.

NOTE 5 - FINANCIAL INFORMATION CERTIFIED BY THE TRUSTEE

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Information regarding investments held at December 31, 2018 and 2017 and investment income (loss) for the year ended December 31, 2018 that is disclosed in the accompanying financial statements and supplemental schedules was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by Fidelity Management Trust Company, the trustee of the Plan.

NOTE 6 - RELATED PARTY TRANSACTIONS

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

NOTE 7 - RECONCILIATION OF FINANCIAL STATEMENTS TO THE FORM 5500

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

DRAFT FOR DISCUSSION PURPOSES ONLY

NOTE 7 - RECONCILIATION OF FINANCIAL STATEMENTS TO THE FORM 5500 (Continued)

	December 31, 2018	December 31, 2017
Net Assets Available for Benefits Per the Financial Statements	$ 2,111,871	$ 2,606,736
Less: Excess Contributions Payable	(7,374)	(6,006)
Net Assets Per the Form 5500	$ 2,104,497	$ 2,600,730

The following is a reconciliation of the net (decrease) per the financial statements to the Form 5500:

	January 1, 2018 to December 31, 2018
Net (Decrease) Per the Financial Statements	$ (494,865)
Less: Change in Excess Contributions Payable	(1,368)
Net (Loss) Per the Form 5500	$ (496,233)

DRAFT FOR DISCUSSION PURPOSES ONLY

NOTE 8 - DELINQUENT PARTICIPANT CONTRIBUTIONS

During the year ended December 31, 2018, the Company failed to timely remit $4,645 of participant contributions and loan payments within 15 business days after the month in which they were withheld. Failure to remit or untimely remittance of participant contributions constitutes a prohibited transaction under Department of Labor regulations.

NOTE 9 - AMENDMENT

In December 2018, the Plan was amended effective December 7, 2018, to no longer require minimum hours of service to be eligible to participate in the Plan; participants hereafter become eligible upon completing 12 months of service.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through _____, 2019, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.

SUPPLEMENTAL SCHEDULES

DRAFT FOR DISCUSSION PURPOSES ONLY

FAZIO, INCORPORATED 401(k) PLAN

FORM 5500

SCHEDULE H, LINE 4a - SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS

E.I.N. 95-2314795; PLAN NO. 001

JANUARY 1, 2018 TO DECEMBER 31, 2018

Participant Contributions Transferred Late to	Total that Constitute Nonexempt Prohibited Transactions			Under Voluntary Fiduciary Correction Program (VFCP) and
	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
$4,645	$4,645	$ -	$ -	$ -

Check Here (X) if Late
Participant Loan Payments
Are Included

DRAFT FOR DISCUSSION PURPOSES ONLY

FAZIO, INCORPORATED 401(k) PLAN
FORM 5500
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
E.I.N. 95-2314795; PLAN NO. 001
DECEMBER 31, 2018

Identity of Issuer	Description	Fair Value
Fidelity: *	Money Market Fund	
	Retirement Money Market Fund	$ 2,274
	Mutual Funds	
	Fidelity Fund	7
	Investment Growth Bond Fund	13,954
	Intermediate Bond Fund	15,372
	Value Fund	102,163
	Overseas Fund	123,448
	Export and Multinational Fund	154,913
	Mid Cap Stock Fund	39,043
	Freedom 2020 Fund	171,310
	Freedom 2030 Fund	396,654
	Freedom 2040 Fund	32,183
	Freedom 2050 Fund	38,242
	Freedom 2055 Fund	1,712
	Freedom 2015 Fund	133,862
	Freedom 2025 Fund	473,976
	Freedom 2035 Fund	241,060
	Small Cap Value Fund	23,447
Participant Loans *	4.25% - 8.50% Secured Notes; Maturing through 2024	140,877
		$ 2,104,497

* Party-in-interest

DRAFT FOR DISCUSSION PURPOSES ONLY

FAZIO, INCORPORATED 401(k) PLAN

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

FAZIO, INCORPORATED 401(k) PLAN

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MILLER KAPLAN

INDEPENDENT AUDITORS' REPORT

Fazio, Incorporated 401(k) Plan
21333 Oxnard Street
Woodland Hills, California 91367

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Fazio, Incorporated 401(k) Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statement of changes in net assets available for benefits for the year ended 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 audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2018 and 2017, and for the year ended 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.

Other Matters

The supplemental schedules of assets (held at end of year) as of December 31, 2018 and delinquent participant contributions for the year then ended are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these 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 by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Miller Kaplan Arase LLP

MILLER KAPLAN ARASE LLP

North Hollywood, California

September 30, 2019

FAZIO, INCORPORATED 401(k) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31, 2018	December 31, 2017
ASSETS		
INVESTMENTS, AT FAIR VALUE		
Money Market Fund	$ 2,274	$ 10,519
Mutual Funds	1,961,346	2,460,158
TOTAL INVESTMENTS	1,963,620	2,470,677
RECEIVABLES		
Notes Receivable from Participants	140,877	130,053
Participant Contributions	7,374	6,006
TOTAL RECEIVABLES	148,251	136,059
NET ASSETS AVAILABLE FOR BENEFITS	$ 2,111,871	$ 2,606,736

(Attached notes are an integral part of this statement)

FAZIO, INCORPORATED 401(k) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
JANUARY 1, 2018 TO DECEMBER 31, 2018

ADDITIONS	
INVESTMENT INCOME (LOSS)	
Interest and Dividends	$ 161,081
Net (Depreciation) of Investments	(319,334)
TOTAL INVESTMENT (LOSS)	(158,253)
CONTRIBUTIONS AND OTHER ADDITIONS	
Participant Contributions	84,595
Rollover Contributions	40,288
Interest Income - Notes Receivable from Participants	5,109
TOTAL CONTRIBUTIONS AND OTHER ADDITIONS	129,992
TOTAL ADDITIONS	(28,261)
DEDUCTIONS	
Benefits	465,079
Administrative Expenses	1,525
TOTAL DEDUCTIONS	466,604
NET (DECREASE)	(494,865)
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of Year	2,606,736
End of Year	$ 2,111,871

(Attached notes are an integral part of this statement)

NOTE 1 - DESCRIPTION OF THE PLAN

Fazio, Incorporated 401(k) Plan (the "Plan") was established on January 1, 2007 to provide voluntary retirement benefits and tax-deferred savings opportunities to eligible employees, as defined in the Plan, of Fazio, Incorporated (the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The assets of the Plan are held in a trust by Fidelity Management Trust Company (the "Trustee").

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

A. Participation

Company employees are eligible to participate in the Plan upon completing one year of service (1,000 hours) by the end of a twelve-month period.

B. Benefits

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

C. Vesting

A participant is fully vested immediately as to voluntary contributions, rollovers, related earnings and the Company's safe harbor matching contributions.

D. Contributions

Participants may contribute to the Plan through tax-deferred salary reductions up to 15% of compensation, as defined in the Plan, up to a statutory maximum as determined by the Internal Revenue Code (the "Code"). Catch-up contributions are permitted.

The Company may, at its discretion, make matching contributions. There were no matching contributions for the year ended December 31, 2018.

E. Notes Receivable from Participants

A participant is allowed to borrow a maximum of 50% of his or her vested account balance up to $50,000. The minimum loan amount is $1,000. Loans must be repaid through payroll deductions within five years (except that loans for the purchase of a primary residence may be repaid over ten years). All loans bear interest at the prime rate plus 1%.

F. Expenses

Most administrative expenses are paid by the Company.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

B. Estimates

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

C. Fair Value Measurements

Accounting guidance on measuring fair value establishes a hierarchy that prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Under the fair value hierarchy Level 1 inputs are quoted prices for identical securities in an active market. Level 2 inputs are quoted prices for similar instruments and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data. Level 3 inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The following tables summarize the Plan's investments at December 31, 2018 and 2017 based on the inputs used to value them:

	December 31, 2018			
Description	Level 1	Level 2	Level 3	Total
Money Market Fund	$ 2,274	$ -	$ -	$ 2,274
Mutual Funds	1,961,346	-	-	1,961,346
	$ 1,963,620	$ -	$ -	$ 1,963,620

	December 31, 2017			
Description	Level 1	Level 2	Level 3	Total
Money Market Fund	$ 10,519	$ -	$ -	$ 10,519
Mutual Funds	2,460,158	-	-	2,460,158
	$ 2,470,677	$ -	$ -	$ 2,470,677

Level 1 investments consist of a money market fund and mutual funds valued at fair value based on quoted market prices. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis.

D. Payments of Benefits

Benefits are recorded when paid.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Risks and Uncertainties

The Plan provides for various investment options in any combination of investment securities offered by the Plan. Investment securities are exposed to various risks, such as interest rate, market fluctuations and credit risks. Due to the risk associated with certain investment securities, it is at least reasonably possible that changes in market values, interest rates or other factors in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

NOTE 3 - INCOME TAX STATUS

The Plan is based upon a Prototype Volume Submitter Profit Sharing Plan with CODA document that received tax exempt status from the Internal Revenue Service in a letter dated March 31, 2014. The Plan has since been amended, however, the plan administrator believes that the Plan is designed and currently being operated in compliance with the applicable requirements of the Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

GAAP requires management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken a tax position that more likely than not would not be sustained upon examination by a tax authority. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 4 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their accounts, and Plan assets would be distributed based upon the participants' account balances at that time.

NOTE 5 - FINANCIAL INFORMATION CERTIFIED BY THE TRUSTEE

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Information regarding investments held at December 31, 2018 and 2017 and investment income (loss) for the year ended December 31, 2018 that is disclosed in the accompanying financial statements and supplemental schedules was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by Fidelity Management Trust Company, the trustee of the Plan.

NOTE 6 - RELATED PARTY TRANSACTIONS

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

NOTE 7 - RECONCILIATION OF FINANCIAL STATEMENTS TO THE FORM 5500

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

NOTE 7 - RECONCILIATION OF FINANCIAL STATEMENTS TO THE FORM 5500 (Continued)

	December 31, 2018	December 31, 2017
Net Assets Available for Benefits Per the Financial Statements	$ 2,111,871	$ 2,606,736
Less: Excess Contributions Payable	(7,374)	(6,006)
Net Assets Per the Form 5500	$ 2,104,497	$ 2,600,730

The following is a reconciliation of the net (decrease) per the financial statements to the Form 5500:

	January 1, 2018 to December 31, 2018
Net (Decrease) Per the Financial Statements	$ (494,865)
Less: Change in Excess Contributions Payable	(1,368)
Net (Loss) Per the Form 5500	$ (496,233)

NOTE 8 - DELINQUENT PARTICIPANT CONTRIBUTIONS

During the year ended December 31, 2018, the Company failed to timely remit $4,645 of participant contributions and loan payments within 15 business days after the month in which they were withheld. Failure to remit or untimely remittance of participant contributions constitutes a prohibited transaction under Department of Labor regulations.

NOTE 9 - AMENDMENT

In December 2018, the Plan was amended effective December 7, 2018, to no longer require minimum hours of service to be eligible to participate in the Plan; participants hereafter become eligible upon completing 12 months of service.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 30, 2019, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.

SUPPLEMENTAL SCHEDULES

FAZIO, INCORPORATED 401(k) PLAN

FORM 5500

SCHEDULE H, LINE 4a - SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS

E.I.N. 95-2314795; PLAN NO. 001

JANUARY 1, 2018 TO DECEMBER 31, 2018

Participant Contributions Transferred Late to	Total that Constitute Nonexempt Prohibited Transactions			Under Voluntary Fiduciary Correction Program (VFCP) and
	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
$4,645	$4,645	$ -	$ -	$ -

Check Here (X) if Late
Participant Loan Payments
Are Included

FAZIO, INCORPORATED 401(k) PLAN
FORM 5500
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
E.I.N. 95-2314795; PLAN NO. 001
DECEMBER 31, 2018

Identity of Issuer	Description	Fair Value
Fidelity: *	Money Market Fund	
	Retirement Money Market Fund	$ 2,274
	Mutual Funds	
	Fidelity Fund	7
	Investment Growth Bond Fund	13,954
	Intermediate Bond Fund	15,372
	Value Fund	102,163
	Overseas Fund	123,448
	Export and Multinational Fund	154,913
	Mid Cap Stock Fund	39,043
	Freedom 2020 Fund	171,310
	Freedom 2030 Fund	396,654
	Freedom 2040 Fund	32,183
	Freedom 2050 Fund	38,242
	Freedom 2055 Fund	1,712
	Freedom 2015 Fund	133,862
	Freedom 2025 Fund	473,976
	Freedom 2035 Fund	241,060
	Small Cap Value Fund	23,447
Participant Loans *	4.25% - 8.50% Secured Notes; Maturing through 2024	140,877
		$ 2,104,497

* Party-in-Interest

FAZIO, INCORPORATED 401(k) PLAN

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

DRAFT FOR DISCUSSION PURPOSES ONLY

FAZIO, INCORPORATED 401(k) PLAN

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DRAFT FOR DISCUSSION PURPOSES ONLY

INDEPENDENT AUDITORS' REPORT

Fazio, Incorporated 401(k) Plan
21333 Oxnard Street
Woodland Hills, California 91367

DRAFT FOR DISCUSSION PURPOSES ONLY

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Fazio, Incorporated 401(k) Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statement of changes in net assets available for benefits for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2018 and 2017, and for the year ended 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.

Other Matters

The supplemental schedules of assets (held at end of year) as of December 31, 2018 and delinquent participant contributions for the year then ended are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these 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 by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

MILLER KAPLAN ARASE LLP

North Hollywood, California

_____, 2019

DRAFT FOR DISCUSSION PURPOSES ONLY

FAZIO, INCORPORATED 401(k) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31, 2018	December 31, 2017
ASSETS		
INVESTMENTS, AT FAIR VALUE		
Money Market Fund	$ 2,274	$ 10,519
Mutual Funds	1,961,346	2,460,158
TOTAL INVESTMENTS	1,963,620	2,470,677
RECEIVABLES		
Notes Receivable from Participants	140,877	130,053
Participant Contributions	7,374	6,006
TOTAL RECEIVABLES	148,251	136,059
NET ASSETS AVAILABLE FOR BENEFITS	$ 2,111,871	$ 2,606,736

DRAFT FOR DISCUSSION PURPOSES ONLY

FAZIO, INCORPORATED 401(k) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
JANUARY 1, 2018 TO DECEMBER 31, 2018

ADDITIONS	
INVESTMENT INCOME (LOSS)	
Interest and Dividends	$ 161,081
Net (Depreciation) of Investments	(319,334)
TOTAL INVESTMENT (LOSS)	(158,253)
CONTRIBUTIONS AND OTHER ADDITIONS	
Participant Contributions	84,595
Rollover Contributions	40,288
Interest Income - Notes Receivable from Participants	5,109
TOTAL CONTRIBUTIONS AND OTHER ADDITIONS	129,992
TOTAL ADDITIONS	(28,261)
DEDUCTIONS	
Benefits	465,079
Administrative Expenses	1,525
TOTAL DEDUCTIONS	466,604
NET (DECREASE)	(494,865)
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of Year	2,606,736
End of Year	$ 2,111,871

DRAFT FOR DISCUSSION PURPOSES ONLY

NOTE 1 - DESCRIPTION OF THE PLAN

Fazio, Incorporated 401(k) Plan (the "Plan") was established on January 1, 2007 to provide voluntary retirement benefits and tax-deferred savings opportunities to eligible employees, as defined in the Plan, of Fazio, Incorporated (the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The assets of the Plan are held in a trust by Fidelity Management Trust Company (the "Trustee").

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

A. Participation

Company employees are eligible to participate in the Plan upon completing one year of service (1,000 hours) by the end of a twelve-month period.

B. Benefits

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

C. Vesting

A participant is fully vested immediately as to voluntary contributions, rollovers, related earnings and the Company's safe harbor matching contributions.

D. Contributions

Participants may contribute to the Plan through tax-deferred salary reductions up to 15% of compensation, as defined in the Plan, up to a statutory maximum as determined by the Internal Revenue Code (the "Code"). Catch-up contributions are permitted.

The Company may, at its discretion, make matching contributions. There were no matching contributions for the year ended December 31, 2018.

E. Notes Receivable from Participants

A participant is allowed to borrow a maximum of 50% of his or her vested account balance up to $50,000. The minimum loan amount is $1,000. Loans must be repaid through payroll deductions within five years (except that loans for the purchase of a primary residence may be repaid over ten years). All loans bear interest at the prime rate plus 1%.

F. Expenses

Most administrative expenses are paid by the Company.

DRAFT FOR DISCUSSION PURPOSES ONLY

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

B. Estimates

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

C. Fair Value Measurements

Accounting guidance on measuring fair value establishes a hierarchy that prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Under the fair value hierarchy Level 1 inputs are quoted prices for identical securities in an active market. Level 2 inputs are quoted prices for similar instruments and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data. Level 3 inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The following tables summarize the Plan's investments at December 31, 2018 and 2017 based on the inputs used to value them:

	December 31, 2018			
Description	Level 1	Level 2	Level 3	Total
Money Market Fund	$ 2,274	$ -	$ -	$ 2,274
Mutual Funds	1,961,346	-	-	1,961,346
	$ 1,963,620	$ -	$ -	$ 1,963,620

	December 31, 2017			
Description	Level 1	Level 2	Level 3	Total
Money Market Fund	$ 10,519	$ -	$ -	$ 10,519
Mutual Funds	2,460,158	-	-	2,460,158
	$ 2,470,677	$ -	$ -	$ 2,470,677

Level 1 investments consist of a money market fund and mutual funds valued at fair value based on quoted market prices. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis.

D. Payments of Benefits

Benefits are recorded when paid.

DRAFT FOR DISCUSSION PURPOSES ONLY

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Risks and Uncertainties

The Plan provides for various investment options in any combination of investment securities offered by the Plan. Investment securities are exposed to various risks, such as interest rate, market fluctuations and credit risks. Due to the risk associated with certain investment securities, it is at least reasonably possible that changes in market values, interest rates or other factors in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

NOTE 3 - INCOME TAX STATUS

The Plan is based upon a Prototype Volume Submitter Profit Sharing Plan with CODA document that received tax exempt status from the Internal Revenue Service in a letter dated March 31, 2014. The Plan has since been amended, however, the plan administrator believes that the Plan is designed and currently being operated in compliance with the applicable requirements of the Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

GAAP requires management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken a tax position that more likely than not would not be sustained upon examination by a tax authority. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 4 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their accounts, and Plan assets would be distributed based upon the participants' account balances at that time.

NOTE 5 - FINANCIAL INFORMATION CERTIFIED BY THE TRUSTEE

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Information regarding investments held at December 31, 2018 and 2017 and investment income (loss) for the year ended December 31, 2018 that is disclosed in the accompanying financial statements and supplemental schedules was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by Fidelity Management Trust Company, the trustee of the Plan.

NOTE 6 - RELATED PARTY TRANSACTIONS

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

NOTE 7 - RECONCILIATION OF FINANCIAL STATEMENTS TO THE FORM 5500

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

DRAFT FOR DISCUSSION PURPOSES ONLY

NOTE 7 - RECONCILIATION OF FINANCIAL STATEMENTS TO THE FORM 5500 (Continued)

	December 31, 2018	December 31, 2017
Net Assets Available for Benefits Per the Financial Statements	$ 2,111,871	$ 2,606,736
Less: Excess Contributions Payable	(7,374)	(6,006)
Net Assets Per the Form 5500	$ 2,104,497	$ 2,600,730

The following is a reconciliation of the net (decrease) per the financial statements to the Form 5500:

	January 1, 2018 to December 31, 2018
Net (Decrease) Per the Financial Statements	$ (494,865)
Less: Change in Excess Contributions Payable	(1,368)
Net (Loss) Per the Form 5500	$ (496,233)

DRAFT FOR DISCUSSION PURPOSES ONLY

NOTE 8 - DELINQUENT PARTICIPANT CONTRIBUTIONS

During the year ended December 31, 2018, the Company failed to timely remit $4,645 of participant contributions and loan payments within 15 business days after the month in which they were withheld. Failure to remit or untimely remittance of participant contributions constitutes a prohibited transaction under Department of Labor regulations.

NOTE 9 - AMENDMENT

In December 2018, the Plan was amended effective December 7, 2018, to no longer require minimum hours of service to be eligible to participate in the Plan; participants hereafter become eligible upon completing 12 months of service.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through _____, 2019, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.

SUPPLEMENTAL SCHEDULES

DRAFT FOR DISCUSSION PURPOSES ONLY

FAZIO, INCORPORATED 401(k) PLAN

FORM 5500

SCHEDULE H, LINE 4a - SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS

E.I.N. 95-2314795; PLAN NO. 001

JANUARY 1, 2018 TO DECEMBER 31, 2018

Participant Contributions Transferred Late to	Total that Constitute Nonexempt Prohibited Transactions			Under Voluntary Fiduciary Correction Program (VFCP) and
	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
$4,645	$4,645	$ -	$ -	$ -

Check Here (X) if Late
Participant Loan Payments
Are Included

DRAFT FOR DISCUSSION PURPOSES ONLY

FAZIO, INCORPORATED 401(k) PLAN
FORM 5500
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
E.I.N. 95-2314795; PLAN NO. 001
DECEMBER 31, 2018

Identity of Issuer	Description	Fair Value
Fidelity: *	Money Market Fund	
	Retirement Money Market Fund	$ 2,274
	Mutual Funds	
	Fidelity Fund	7
	Investment Growth Bond Fund	13,954
	Intermediate Bond Fund	15,372
	Value Fund	102,163
	Overseas Fund	123,448
	Export and Multinational Fund	154,913
	Mid Cap Stock Fund	39,043
	Freedom 2020 Fund	171,310
	Freedom 2030 Fund	396,654
	Freedom 2040 Fund	32,183
	Freedom 2050 Fund	38,242
	Freedom 2055 Fund	1,712
	Freedom 2015 Fund	133,862
	Freedom 2025 Fund	473,976
	Freedom 2035 Fund	241,060
	Small Cap Value Fund	23,447
Participant Loans *	4.25% - 8.50% Secured Notes; Maturing through 2024	140,877
		$ 2,104,497

* Party-in-interest

DRAFT FOR DISCUSSION PURPOSES ONLY