# 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
CITY VENTURES COMMUNITIES, LLC 401(K) PROFIT SHARING PLAN

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

**1c** Effective date of plan 01/01/2011

**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)
CITY VENTURES COMMUNITIES, LLC

3121 MICHELSON DRIVE, SUITE 150
IRVINE, CA 92612

**2b** Employer Identification Number (EIN) 90-0609362

**2c** Plan Sponsor's telephone number 949-258-7519

**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. | 10/14/2019 | SCOTT HOMAN |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 10/14/2019 | SCOTT HOMAN |
| | **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: | **4b** | EIN |
| **a** | Sponsor's name | **4d** | PN |
| **c** | Plan Name | | |

| | | | |
|---|---|---|---|
| **5** | Total number of participants at the beginning of the plan year | **5** | 152 |
| **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)** | 121 |
| **a(2)** | Total number of active participants at the end of the plan year | **6a(2)** | 126 |
| **b** | Retired or separated participants receiving benefits | **6b** | 0 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 33 |
| **d** | Subtotal. Add lines **6a(2)**, **6b**, and **6c** | **6d** | 159 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. | **6e** | 0 |
| **f** | Total. Add lines **6d** and **6e**. | **6f** | 159 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 127 |
| **h** | Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 8 |
| **7** | Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | |

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

2E 2F 2G 2J 2K 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) | | **9b** Plan benefit arrangement (check all that apply) | |
|---|---|---|---|
| **(1)** | [X] Insurance | **(1)** | [X] 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)** [X] 1 **A** (Insurance Information)
- **(4)** [X] **C** (Service Provider Information)
- **(5)** [X] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

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

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

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

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

**11c** Enter the Receipt Confirmation Code for the 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 A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

# Insurance Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

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

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

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
CITY VENTURES COMMUNITIES, LLC 401(K) PROFIT SHARING PLAN

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

**C** Plan sponsor's name as shown on line 2a of Form 5500
CITY VENTURES COMMUNITIES, LLC

**D** Employer Identification Number (EIN)
90-0609362

**Part I** **Information Concerning Insurance Contract Coverage, Fees, and Commissions** Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

**1** Coverage Information:

**(a)** Name of insurance carrier
PRINCIPAL LIFE INSURANCE COMPANY

| **(b)** EIN | **(c)** NAIC code | **(d)** Contract or identification number | **(e)** Approximate number of persons covered at end of policy or contract year | Policy or contract year | |
|---|---|---|---|---|---|
| | | | | **(f)** From | **(g)** To |
| 42-0127290 | 61271 | 712632 | 118 | 01/01/2018 | 12/31/2018 |

**2** Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

| **(a)** Total amount of commissions paid | **(b)** Total amount of fees paid |
|---|---|
| 894 | 204 |

**3** Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid
LPL FINANCIAL LLC
4707 EXECUTIVE DR.
SAN DIEGO, CA 92121-3091

| **(b)** Amount of sales and base commissions paid | Fees and other commissions paid | | **(e)** Organization code |
|---|---|---|---|
| | **(c)** Amount | **(d)** Purpose | |
| 894 | 0 | | 3 |

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid
PRB ADMINITRATORS, INC.
1925 CENTURY PARK E. FL 4
LOS ANGELES, CA 90067-2705

| **(b)** Amount of sales and base commissions paid | Fees and other commissions paid | | **(e)** Organization code |
|---|---|---|---|
| | **(c)** Amount | **(d)** Purpose | |
| 0 | 204 | REFERRAL/SERVCE FEE | 3 |

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid

| **(b)** Amount of sales and base commissions paid | Fees and other commissions paid | | **(e)** Organization code |
|---|---|---|---|
| | **(c)** Amount | **(d)** Purpose | |
| | | | |

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid

| **(b)** Amount of sales and base commissions paid | Fees and other commissions paid | | **(e)** Organization code |
|---|---|---|---|
| | **(c)** Amount | **(d)** Purpose | |
| | | | |

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid

| **(b)** Amount of sales and base commissions paid | Fees and other commissions paid | | **(e)** Organization code |
|---|---|---|---|
| | **(c)** Amount | **(d)** Purpose | |
| | | | |

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid

| **(b)** Amount of sales and base commissions paid | Fees and other commissions paid | | **(e)** Organization code |
|---|---|---|---|
| | **(c)** Amount | **(d)** Purpose | |
| | | | |

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid

| **(b)** Amount of sales and base commissions paid | Fees and other commissions paid | | **(e)** Organization code |
|---|---|---|---|
| | **(c)** Amount | **(d)** Purpose | |
| | | | |

## Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

| | | | |
|---|---|---|---|
| **4** | Current value of plan's interest under this contract in the general account at year end | **4** | |
| **5** | Current value of plan's interest under this contract in separate accounts at year end | **5** | 0 |

**6** Contracts With Allocated Funds:

**a** State the basis of premium rates ▶

| | | | |
|---|---|---|---|
| **b** | Premiums paid to carrier | **6b** | |
| **c** | Premiums due but unpaid at the end of the year | **6c** | |
| **d** | If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. | **6d** | |

Specify nature of costs ▶

**e** Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity

(3) ☐ other (specify) ▶

**f** If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐

**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

**a** Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee

(3) ☐ guaranteed investment (4) ☐ other ▶

| | | | | | |
|---|---|---|---|---|---|
| **b** | Balance at the end of the previous year | | | **7b** | |
| **c** | Additions: (1) Contributions deposited during the year | **7c(1)** | | | |
| | (2) Dividends and credits | **7c(2)** | | | |
| | (3) Interest credited during the year | **7c(3)** | | | |
| | (4) Transferred from separate account | **7c(4)** | | | |
| | (5) Other (specify below) | **7c(5)** | | | |
| | ▶ | | | | |
| | (6) Total additions | | | **7c(6)** | |
| **d** | Total of balance and additions (add lines **7b** and **7c(6)**). | | | **7d** | |
| **e** | Deductions: | | | | |
| | (1) Disbursed from fund to pay benefits or purchase annuities during year | **7e(1)** | | | |
| | (2) Administration charge made by carrier | **7e(2)** | | | |
| | (3) Transferred to separate account | **7e(3)** | | | |
| | (4) Other (specify below) | **7e(4)** | | | |
| | ▶ | | | | |
| | (5) Total deductions | | | **7e(5)** | |
| **f** | Balance at the end of the current year (subtract line **7e(5)** from line **7d**) | | | **7f** | |

## Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

**8** Benefit and contract type (check all applicable boxes)

**a** ☐ Health (other than dental or vision) **b** ☐ Dental **c** ☐ Vision **d** ☐ Life insurance
**e** ☐ Temporary disability (accident and sickness) **f** ☐ Long-term disability **g** ☐ Supplemental unemployment **h** ☐ Prescription drug
**i** ☐ Stop loss (large deductible) **j** ☐ HMO contract **k** ☐ PPO contract **l** ☐ Indemnity contract
**m** ☐ Other (specify) ▶

| | | | | |
|---|---|---|---|---|
| **9** Experience-rated contracts: | | | | |
| **a** Premiums: (1) Amount received | **9a(1)** | | | |
| (2) Increase (decrease) in amount due but unpaid | **9a(2)** | | | |
| (3) Increase (decrease) in unearned premium reserve | **9a(3)** | | | |
| (4) Earned (**(1)** + **(2)** - **(3)**) | | | **9a(4)** | |
| **b** Benefit charges (1) Claims paid | **9b(1)** | | | |
| (2) Increase (decrease) in claim reserves | **9b(2)** | | | |
| (3) Incurred claims (add **(1)** and **(2)**) | | | **9b(3)** | |
| (4) Claims charged | | | **9b(4)** | |
| **c** Remainder of premium: (1) Retention charges (on an accrual basis) -- | | | | |
| (A) Commissions | **9c(1)(A)** | | | |
| (B) Administrative service or other fees | **9c(1)(B)** | | | |
| (C) Other specific acquisition costs | **9c(1)(C)** | | | |
| (D) Other expenses | **9c(1)(D)** | | | |
| (E) Taxes | **9c(1)(E)** | | | |
| (F) Charges for risks or other contingencies | **9c(1)(F)** | | | |
| (G) Other retention charges | **9c(1)(G)** | | | |
| (H) Total retention | | | **9c(1)(H)** | |
| (2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.) | | | **9c(2)** | |
| **d** Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement | | | **9d(1)** | |
| (2) Claim reserves | | | **9d(2)** | |
| (3) Other reserves | | | **9d(3)** | |
| **e** Dividends or retroactive rate refunds due. (Do not include amount entered in line **9c(2)**.) | | | **9e** | |
| **10** Nonexperience-rated contracts: | | | | |
| **a** Total premiums or subscription charges paid to carrier | | | **10a** | |
| **b** If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount. Specify nature of costs. | | | **10b** | |

## Part IV Provision of Information

**11** Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☐ No

**12** If the answer to line 11 is "Yes," specify the information not provided. ▶

# SCHEDULE C (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Service Provider Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

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

OMB No. 1210-0110

**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
CITY VENTURES COMMUNITIES, LLC 401(K) PROFIT SHARING PLAN

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

**C** Plan sponsor's name as shown on line 2a of Form 5500
CITY VENTURES COMMUNITIES, LLC

**D** Employer Identification Number (EIN)
90-0609362

## Part I Service Provider Information (see instructions)

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

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

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

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

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

AMERICAN CENTURY INVESTMENTS

44-6006315

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

AMERICAN FUNDS

95-1411037

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

EAGLE FUNDS

59-2385219

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

DELAWARE INVESTMENTS

23-2693133

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

DODGE & COX

94-1441976

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

FIDELITY INVESTMENTS

06-1194217

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

MFS

04-2747644

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

PIMCO FUNDS

95-2632339

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

TIAA-CREF MUTUAL FUNDS

13-1624203

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

VANGUARD

23-1945930

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

**(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)

WELLS FARGO BANK, N.A.

94-1347393

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 15 37 50 62 64 | SERVICE PROVIDER | 12263 | Yes [X] No [ ] | Yes [X] No [ ] | 0 | Yes [ ] No [X] |

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

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

| (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? |
|---|---|---|---|---|---|---|
| 13 37 50 64 | NONE | 9096 | Yes [ ] No [X] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

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

INDEPENDENT FINANCIAL PARTNERS

46-0615386

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 27 99 | NONE | 0 | Yes [X] No [ ] | Yes [ ] No [X] | 16876 | Yes [ ] No [X] |

**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 |
|---|---|---|
| INDEPENDENT FINANCIAL PARTNERS | 27 99 | 16876 |
| **(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. | |
| PRINCIPAL LIFE INSURANCE COMPANY<br><br>42-0127290 | INVESTMENT ADVISORY (PLAN) | |

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

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

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

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

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

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

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

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

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

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

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

(complete as many entries as needed)

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

# SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

## DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

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

OMB No. 1210-0110

**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
CITY VENTURES COMMUNITIES, LLC 401(K) PROFIT SHARING PLAN

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

**C** Plan or DFE sponsor's name as shown on line 2a of Form 5500
CITY VENTURES COMMUNITIES, LLC

**D** Employer Identification Number (EIN)
90-0609362

**Part I** **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

**a** Name of MTIA, CCT, PSA, or 103-12 IE: WF STABLE RETURN FUND F

**b** Name of sponsor of entity listed in (a): WELLS FARGO BANK, N.A.

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 46-6933767-001 | C | 208670 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: WF/BLACKROCK INTL EQ. INDEX CIT F

**b** Name of sponsor of entity listed in (a): WELLS FARGO BANK, N.A.

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 52-2265229-001 | C | 119113 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: WF BLACKROCK RU 2000 INDEX CIT F

**b** Name of sponsor of entity listed in (a): WELLS FARGO BANK, N.A.

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 52-2265233-001 | C | 50092 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: WF/BLACKROCK S&P MIDCAP INDEX CIT F

**b** Name of sponsor of entity listed in (a): WELLS FARGO BANK, N.A.

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 52-2265235-001 | C | 44549 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: WF/BLACKROCK S&P 500 INDEX CIT F

**b** Name of sponsor of entity listed in (a): WELLS FARGO BANK, N.A.

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 94-3224211-001 | C | 633689 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: WF/TROWE PRICE INST. LCG MGD CIT F

**b** Name of sponsor of entity listed in (a): WELLS FARGO BANK, N.A.

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 45-6648614-001 | C | 426084 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN MIDCAP GROWTH SEP ACCT-R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE CO.

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 42-0127290-021 | P | 0 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LGCAP S&P INDEX SA-R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE CO.

| **c** EIN-PN 42-0127290-016 | **d** Entity code P | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN SMCAP S&P 600 INDEX SA-R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE CO.

| **c** EIN-PN 42-0127290-028 | **d** Entity code P | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN MIDCAP S&P 400 INDEX SA-R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE CO.

| **c** EIN-PN 42-0127290-023 | **d** Entity code P | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN SMALLCAP GROWTH 1 SA-R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE CO.

| **c** EIN-PN 42-0127290-070 | **d** Entity code P | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN REAL ESTATE SECS SA-R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE CO.

| **c** EIN-PN 42-0127290-095 | **d** Entity code P | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN STABLLE VALUE SIGNATURE

**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE CO.

| **c** EIN-PN 93-6274328-001 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN INFLATION PROTECT SA-R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE CO.

| **c** EIN-PN 42-0127290-099 | **d** Entity code P | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFE TIME HYBR 2010- CIT R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST

| **c** EIN-PN 26-6447574-001 | **d** Entity code P | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFE TIME HYBR 2020 CIT R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST

| **c** EIN-PN 26-6447574-003 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFE TIME HYBR 2025 CIT R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST

| **c** EIN-PN 26-6447574-004 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFE TIME HYBR 2030 CIT R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 26-6447574-005 | C | 0 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFE TIME HYBR 2035 CIT R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 26-6447574-006 | C | 0 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFE TIME HYBR 2040 CIT R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 26-6447574-007 | C | 0 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFE TIME HYBR 2050 CIT R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 26-6447574-009 | C | 0 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFE TIME HYBR 2055 CIT R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 26-6447574-010 | C | 0 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFE TIME HYBR 2045 CIT R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 26-6447574-008 | C | 0 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFE TIME HYBR CIT R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 26-6447574-011 | C | 0 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN INTERNATIONAL EQUITY SA-R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE CO.

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 42-0127290-121 | P | 0 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFE TIME HYBR 2060 CIT R3

**b** Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 26-6447574-012 | C | 0 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL STABLE VALUE SIGNTURE

**b** Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST CO.

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 93-6274328-001 | C | 212591 |

## Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

# 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
CITY VENTURES COMMUNITIES, LLC 401(K) PROFIT SHARING PLAN

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

**C** Plan sponsor's name as shown on line 2a of Form 5500
CITY VENTURES COMMUNITIES, LLC

**D** Employer Identification Number (EIN)
90-0609362

## Part I Asset and Liability Statement

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

| Assets | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | 1a | | |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | 604804 | 723655 |
| **(2)** Participant contributions | 1b(2) | | |
| **(3)** Other | 1b(3) | | |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | | |
| **(2)** U.S. Government securities | 1c(2) | | |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | 1c(3)(A) | | |
| **(B)** All other | 1c(3)(B) | | |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | 1c(4)(A) | | |
| **(B)** Common | 1c(4)(B) | | |
| **(5)** Partnership/joint venture interests | 1c(5) | | |
| **(6)** Real estate (other than employer real property) | 1c(6) | | |
| **(7)** Loans (other than to participants) | 1c(7) | | |
| **(8)** Participant loans | 1c(8) | 131424 | 210239 |
| **(9)** Value of interest in common/collective trusts | 1c(9) | 2327706 | 1694788 |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | 1415657 | 0 |
| **(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) | 1896623 | 4831069 |
| **(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) | | |
| | **(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 | 6376214 | 7459751 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | | |
| **h** | Operating payables | 1h | | |
| **i** | Acquisition indebtedness | 1i | | |
| **j** | Other liabilities | 1j | | |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | 0 | 0 |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 6376214 | 7459751 |

## 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) | 725889 | |
| | **(B)** Participants | 2a(1)(B) | 947539 | |
| | **(C)** Others (including rollovers) | 2a(1)(C) | 440382 | |
| | **(2)** Noncash contributions | 2a(2) | | |
| | **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 2113810 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | | |
| | **(B)** U.S. Government securities | 2b(1)(B) | | |
| | **(C)** Corporate debt instruments | 2b(1)(C) | | |
| | **(D)** Loans (other than to participants) | 2b(1)(D) | | |
| | **(E)** Participant loans | 2b(1)(E) | 7834 | |
| | **(F)** Other | 2b(1)(F) | | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 7834 |
| | **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | | |
| | **(B)** Common stock | 2b(2)(B) | | |
| | **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | 107991 | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 107991 |
| | **(3)** Rents | 2b(3) | | |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | | |
| | **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | 0 |
| | **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | 2b(5)(A) | | |
| | **(B)** Other | 2b(5)(B) | | |
| | **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | 0 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| (6) Net investment gain (loss) from common/collective trusts | 2b(6) | | -93237 |
| (7) Net investment gain (loss) from pooled separate accounts | 2b(7) | | 68915 |
| (8) Net investment gain (loss) from master trust investment accounts | 2b(8) | | |
| (9) Net investment gain (loss) from 103-12 investment entities | 2b(9) | | |
| (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | -553429 |
| c Other income | 2c | | |
| d Total income. Add all **income** amounts in column (b) and enter total | 2d | | 1651884 |
| **Expenses** | | | |
| e Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 543405 | |
| (2) To insurance carriers for the provision of benefits | 2e(2) | | |
| (3) Other | 2e(3) | | |
| (4) Total benefit payments. Add lines **2e(1)** through **(3)** | 2e(4) | | 543405 |
| f Corrective distributions (see instructions) | 2f | | |
| g Certain deemed distributions of participant loans (see instructions) | 2g | | |
| h Interest expense | 2h | | |
| i Administrative expenses: (1) Professional fees | 2i(1) | | |
| (2) Contract administrator fees | 2i(2) | | |
| (3) Investment advisory and management fees | 2i(3) | | |
| (4) Other | 2i(4) | 24942 | |
| (5) Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 24942 |
| j Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 568347 |
| **Net Income and Reconciliation** | | | |
| k Net income (loss). Subtract line **2j** from line **2d** | 2k | | 1083537 |
| l Transfers of assets: | | | |
| (1) To this plan | 2l(1) | | |
| (2) From this plan | 2l(2) | | |

## Part III Accountant's Opinion

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

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

**(1)** ☐ Unqualified **(2)** ☐ Qualified **(3)** ☒ Disclaimer **(4)** ☐ Adverse

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

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

**(1)** Name: TALLEY LLP **(2)** EIN: 33-0689542

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

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

## Part IV Compliance Questions

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

During the plan year:

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

| | | | Yes | No | Amount |
|---|---|---|---|---|---|
| c | Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) | 4c | | X | |
| d | Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) | 4d | | X | |
| e | Was this plan covered by a fidelity bond? | 4e | X | | 500000 |
| f | Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | |
| g | Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | | X | |
| h | Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | |
| i | Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | X | | |
| j | Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) | 4j | | X | |
| k | Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | |
| l | Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| m | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | X | | |
| n | If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. | 4n | 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
CITY VENTURES COMMUNITIES, LLC 401(K) PROFIT SHARING PLAN

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

**C** Plan sponsor's name as shown on line 2a of Form 5500
CITY VENTURES COMMUNITIES, LLC

**D** Employer Identification Number (EIN)
90-0609362

## 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): 42-0127290 41-6257133

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

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

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

# CITY VENTURES COMMUNITIES, LLC
# 401(K) PROFIT SHARING PLAN

## Report, Financial Statements
## and Supplemental Information

## December 31, 2018 and 2017

**CITY VENTURES COMMUNITIES, LLC**
**401(K) PROFIT SHARING PLAN**

**INDEX TO REPORT, FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**


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* Schedules required by the Department of Labor Rules and Regulations for Reporting and Disclosures under the Employee Retirement Income Security Act of 1974 and not included herein have been omitted because they are not applicable or the required information is included in the financial statements or notes hereto.

TALLEY LLP

ADVICE. SOLUTIONS. RESULTS.

600 CITY PARKWAY WEST | SUITE 650 | ORANGE, CALIFORNIA 92868 | 714.867.2200 | 714.867.2201 (F)

# INDEPENDENT AUDITOR'S REPORT

To the Administrative Committee and Participants
City Ventures Communities, LLC
401(k) Profit Sharing Plan

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of City Ventures Communities, LLC 401(k) Profit Sharing Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statements of changes in net assets available for benefits for the years then ended, 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 ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the Plan's Administrative Committee instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Principal Trust Company and Wells Fargo Bank, N.A. (the "custodians"), except for comparing the information with the related information included in the financial statements. We have been informed by the Plan's Administrative Committee that the custodians hold the Plan's investment assets and execute investment transactions. The Plan's Administrative Committee has obtained a certification from the custodians as of and for the years ended December 31, 2018 and 2017, that the information provided to the Plan's Administrative Committee by the custodians is complete and accurate.

**Disclaimer of Opinion**

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

**Other Matter**

The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2018, is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule referred to above.

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

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodians, has been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, is presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Talley, LLP

Orange, California
September 30, 2019

**CITY VENTURES COMMUNITIES, LLC 401(K) PROFIT SHARING PLAN**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

**DECEMBER 31,**

**ASSETS**

| | 2018 | 2017 |
|---|---|---|
| **Investments at fair value:** | | |
| Common collective trusts | $ 1,273,528 | $ 2,218,196 |
| Pooled accounts | - | 1,415,657 |
| Mutual funds | 4,831,069 | 1,896,623 |
| | 6,104,597 | 5,530,476 |
| **Investments at contract value:** | | |
| Guaranteed investment contracts | 421,260 | 109,510 |
| Total investments | 6,525,857 | 5,639,986 |
| **Receivables:** | | |
| Contributions receivable - employer | 723,655 | 604,804 |
| Notes receivable from participants | 210,239 | 131,424 |
| Total receivables | 933,894 | 736,228 |
| **Total assets - net assets available for benefits** | $ 7,459,751 | $ 6,376,214 |

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

**CITY VENTURES COMMUNITIES, LLC 401(K) PROFIT SHARING PLAN**

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

**YEARS ENDED DECEMBER 31,**

| | 2018 | 2017 |
|---|---|---|
| **Additions to net assets attributed to:** | | |
| Contributions: | | |
| Participants | $ 947,539 | $ 816,360 |
| Employer | 725,889 | 604,804 |
| Rollovers | 440,382 | 44,844 |
| Total contributions | 2,113,810 | 1,466,008 |
| Investment income: | | |
| Net appreciation in fair value of investments | - | 743,852 |
| Interest and dividends | 107,991 | 18,201 |
| Total investment income | 107,991 | 762,053 |
| Interest income on notes receivable from participants | 7,834 | 6,198 |
| Total additions | 2,229,635 | 2,234,259 |
| **Deductions from net assets attributed to:** | | |
| Benefits paid directly to participants | 543,405 | 529,121 |
| Net depreciation in fair value of investments | 577,751 | - |
| Administrative expenses | 24,942 | 12,431 |
| Total deductions | 1,146,098 | 541,552 |
| Net increase in net assets | 1,083,537 | 1,692,707 |
| **Net assets available for benefits:** | | |
| Beginning of year | 6,376,214 | 4,683,507 |
| End of year | $ 7,459,751 | $ 6,376,214 |

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

**CITY VENTURES COMMUNITIES, LLC**
**401(K) PROFIT SHARING PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2018 and 2017**

## NOTE 1 - GENERAL DESCRIPTION OF THE PLAN

The City Ventures Communities, LLC 401(k) Profit Sharing Plan (the "Plan") was adopted by City Ventures Communities, LLC (the "Company") in January 2011. The Plan was subsequently amended and restated in its entirety effective June 2018. The following description of the Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

1. **General and Eligibility.** The Plan is a defined contribution plan covering all eligible employees of the Company. An employee will not become eligible if he or she is a member of a collective bargaining agreement or a non-resident alien who receives no earned income from services rendered within the United States. Employees are eligible to participate in the Plan once they have reached age 21. Participants are eligible for profit sharing and non-elective employer contributions following completion of 1 year of service, defined as 1,000 hours of service over 12 consecutive months. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") and is administered by the Plan Administrator.

2. **Contributions.** Under the Plan, employees may elect to defer a portion of their compensation, as defined in the Plan. Contributions are subject to certain statutory limitations as imposed by the IRS. Participants may also contribute amounts representing distributions from other qualified contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. For the year ended December 31, 2018 and 2017, the Company matches employee contributions, up to 6% of their compensation. Company contributions are allocated to the accounts of all participants employed on the last day of the Plan year and are made in the ratio in which the participant's compensation bears to the compensation of all participants for the Plan year. There were Company matching contributions of $747,079 and $651,104 for the years ended December 31, 2018 and 2017, respectively. Forfeitures of $23,424 and $46,300 were used to reduce matching contributions for the years ended December 31, 2018 and 2017, respectively. In addition, there was a qualified non-elective employer contribution of $2,234 for the year ended December 31, 2018.

3. **Participant Accounts.** Each participant's account is credited with the participant's elective contribution and allocation of the Company's matching contribution and Plan earnings (losses) and charged with an allocation of administrative expenses paid by the Plan. Allocations of the Company's matching contribution are based on the participant's compensation. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

4. **Vesting.** Company contributions vest 20% after one year of service and increase 20% for each additional year of service, with 100% after five years of service. Benefits attributable to each participant will become fully vested in the event of death, total and permanent disability, normal retirement, or the attainment of 100% vesting.

## NOTE 1 - GENERAL DESCRIPTION OF THE PLAN (CONTINUED)

5. **Investment Options.** Participants may choose among various investment funds in which their contributions are to be invested. All of the Plan's investment options are participant directed.

6. **Notes Receivable from Participants.** Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. The maximum number of notes outstanding at any one time is one. Note transactions are treated as a transfer from the investment fund to the notes receivable from participant's fund. The notes are secured by the balance in the participant's account and bear interest at rates ranging from 4.5% to 6.25%, which is commensurate with local prevailing rates as determined by the Plan Administrator. Principal and interest is paid ratably through monthly payroll deductions.

7. **Payments of Benefits.** Participants are eligible to receive a distribution of their account balance, to the extent vested, upon termination of employment, retirement, death, or disability. Benefits are payable as a lump sum amount equal to the participant's entire interest in the Plan, as installments or as partial withdrawals. Net assets as of December 31, 2018 and 2017, include vested account balances of terminated employees totaling $2,232,256 and $1,764,017, respectively.

8. **Forfeited Accounts.** Participants forfeit the unvested portion of their accounts upon receipt of distribution of the vested account balance. Forfeitures can be used to pay administrative expenses of the Plan and any remaining forfeitures can be used to reduce matching contributions and nonelective employer contributions. Forfeiture of nonvested accounts occurs at the end of the Plan Year in which a participant receives a distribution of his or her accounts, or a deemed distribution if he or she was not vested; or if earlier, at the end of the Plan Year in which the participant has incurred five consecutive one-year breaks-in-service. As of December 31, 2018 and 2017, forfeited non-vested accounts available to offset administrative expenses and Company contributions totaled $17,773 and $1,942, respectively.

9. **Plan Administration.** Wells Fargo Bank, N.A. served as the custodian and recordkeeper from June 15, 2018 to December 31, 2018. Principal Trust Company served as the custodian from January 1, 2017 to December 31, 2018. Principal Financial Group served as the recordkeeper from January 1, 2017 to June 15, 2018. To the extent not paid by the employer, reasonable administrative expenses may be charged to the participants' accounts on a pro rata basis or per capita basis as determined by the Administrative Committee. Administrative expenses paid by the Plan totaled $24,942 and $12,431 for the years ended December 31, 2018 and 2017, respectively. Administrative expenses paid by the Company totaled $12,828 and $18,210 for the years ended December 31, 2018 and 2017, respectively.

## NOTE 1 - GENERAL DESCRIPTION OF THE PLAN (CONTINUED)

10. **Plan Termination.** The Company anticipates and believes that the Plan will continue without interruption but reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon full or partial termination of the Plan, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Use of Estimates

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

### Basis of Accounting

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

### Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for discussion on fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) in the fair value of investments consists of both realized and unrealized gains and losses. Realized gains and losses are measured as the difference between the historical cost of investments sold or redeemed during the year and the proceeds received from their sale or redemption.

### Payment of Benefits

Benefits are recorded when paid.

## NOTE 3 – SUMMARY OF FINANCIAL DATA CERTIFIED BY THE CUSTODIANS OF PLAN ASSETS

The following financial data was certified by the custodians of Plan Assets of the Plan as of and for the years ended December 31, 2018 and 2017 in accordance with Section 29 CFR 2520.103-5(d) of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA.

Statement of net assets available for benefits:

| | 2018 | 2017 |
|---|---|---|
| Investments in – | | |
| Mutual funds | $ 4,831,069 | $ 1,896,623 |
| Common collective trusts | 1,694,788 | 2,327,706 |
| Pooled accounts | - | 1,415,657 |
| Notes receivables from participants | 210,239 | 131,424 |
| Net assets available for benefits | $ 6,736,096 | $ 5,771,410 |

Statement of changes in net assets available for plan benefits:

| | 2018 | 2017 |
|---|---|---|
| Additions to net assets: | | |
| Contributions | $ 2,041,504 | $ 1,088,514 |
| Net appreciation in fair value of investments | - | 700,857 |
| Other receipts | 7,834 | 4,375 |
| Net income cash receipts | - | 67,323 |
| Total additions | 2,049,338 | 1,861,069 |
| Deductions of net assets: | | |
| Benefits paid to participants | 543,405 | 529,121 |
| Net depreciation in fair value of investments | 469,760 | - |
| Fees and other expenses | 24,942 | 12,431 |
| Other disbursements | 46,545 | 11,651 |
| Total deductions | $ 1,084,652 | $ 553,203 |

## NOTE 3 – SUMMARY OF FINANCIAL DATA CERTIFIED BY THE CUSTODIANS OF PLAN ASSETS (CONTINUED)

| | | |
|---|---|---|
| Net increase in net assets | $ 964,686 | $ 1,307,866 |
| Net assets available for benefits | | |
| Beginning of year | 5,771,410 | 4,463,544 |
| End of year | $ 6,736,096 | $ 5,771,410 |

## NOTE 4 - FEDERAL INCOME TAX STATUS

The Plan adopted the Volume Submitter Profit Sharing Plans with CODA, which obtained its latest determination letters on March 2014 and March 2008. In these letters, the Internal Revenue Service states that the Plan qualifies, in form, under Section 401(a) of the Internal Revenue Code (the "Code"), and the underlying trusts are therefore exempt from federal income taxes under Section 501(a) of the Code. The Plan has been amended since receiving the determination letters. However, the Plan Administrator believes that the Plan is designed and is 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.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the organization 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. The Plan administrator believes it is no longer subject to income tax examinations for periods prior to 2015.

## NOTE 5 - PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are managed by Principal Financial Group and Wells Fargo Bank, N.A. Principal Trust Company (an affiliated entity) and Wells Fargo Bank, N.A. are the custodians as defined by the Plan, and therefore these transactions qualify as party-in-interest transactions.

## NOTE 6 - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, Fair Value Measurement and Disclosures, provides the 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 FASB ASC 820 are described as follows:

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

Level 2 – Inputs to the valuation methodology include 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 are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 or 2017.

*Mutual funds:* Valued at unit value of units held by the Plan in mutual funds issued by custodians. The unit value is determined at the close of business each day and is based on quoted mutual fund values of the shares held by the Plan.

*Pooled accounts:* Valued at the net asset value of units held by the Plan at year end. The net asset value ("NAV") is determined by the custodians of the fund and is based upon the fair value of the underlying assets held by the fund.

## NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)

*Common collective trusts:* Valued at the net asset value of units held by the Plan at year end. The NAV is determined by the custodians of the fund and is based upon the fair value of the underlying assets held by the fund.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2018:

| | Level 1 | Level 2 | Level 3 | Fair Value Measurement |
|---|---|---|---|---|
| Common collective trusts* | $ - | $ - | $ - | $ 1,694,788 |
| Mutual funds | $ 4,831,069 | $ - | $ - | $ 4,831,069 |

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2017:

| | Level 1 | Level 2 | Level 3 | Fair Value Measurement |
|---|---|---|---|---|
| Common collective trusts* | $ - | $ - | $ - | $ 2,327,706 |
| Pooled accounts* | - | - | - | 1,415,657 |
| Mutual funds | $ 1,896,623 | $ - | $ - | $ 1,896,623 |

***** This category includes common/collective trust funds that are designed to delivery safety and stability by preserving principal and accumulating earnings. Valued at the NAV of units held by the Plan at year end. The NAV is determined by the custodian of the fund and is based on the fair value of the underlying assets held by the fund. In accordance with ASC 820, Fair Value Measurement, certain investments are measured at fair value using the NAV (or its equivalent) practical expedient that have not been classified in the fair value hierarchy. The fair value amount presented in this table is intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

## NOTE 7 - RISKS AND UNCERTAINTIES

The Plan invests in investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur

## NOTE 7 - RISKS AND UNCERTAINTIES (CONTINUED)

in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

## NOTE 8 – STABLE VALUE FUND AND STABLE RETURN FUND

The Plan has fully benefit-responsive investment contracts with its custodians. Custodians maintain the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. Custodians are contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

The contract is included in the financial statements at contract value as reported to the Plan by custodians. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Fair value reflects the relationship between credited rates earned by the funds and current market rates. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. Certain events may limit the ability of the Plan to transact at contract value with the issuer and that also limits the ability of the Plan to transact at contract value with the participants in the following not probable of occurring events: premature termination of the contracts by the Plan, business closing, layoffs, plan termination, bankruptcy, mergers and early retirement incentives.

The rate of return credited to the book value of the fund, expressed as an annual percentage rate and is calculated based on a book value dollar weighted basis. A crediting rate is determined per investment contract which may remain fixed for the term of the contract or may be reset at predetermined intervals based upon portfolio characteristics including yields, market value, book value, and duration. The gross interest rates were 2.41% and 2.14% as of December 31, 2018 for the Stable Value Fund and Stable Return Fund, respectively. The gross interest rate was 1.82% as of December 31, 2017 for the Stable Value Fund.

## NOTE 9 – SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through September 30, 2019, the date these financial statements were available to be issued. No material subsequent events have occurred since December 31, 2018 that required recognition or disclosure in the current period financial statements.

# SUPPLEMENTAL INFORMATION

**CITY VENTURES COMMUNITIES, LLC 401(K) PROFIT SHARING PLAN**

**SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)**
**EIN: 90-0609362**
**PLAN # 001**

**DECEMBER 31, 2018**

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par or maturity value | (d) Cost | (e) Current value |
|---|---|---|---|---|
| | **Guaranteed investment contracts:** | | | |
| * | Principal Trust Company | Stable Value Fund | ** | $ 212,590 |
| * | Wells Fargo Bank, N.A. | Stable Return Fund | ** | 208,670 |
| | | | | 421,260 |
| | **Common collective trusts:** | | | |
| * | Wells Fargo Bank, N.A. | Blackrock Intl Eq Index | ** | 119,113 |
| * | Wells Fargo Bank, N.A. | Blackrock RU 2000 | ** | 50,092 |
| * | Wells Fargo Bank, N.A. | Blackrock S&P Midcap | ** | 44,549 |
| * | Wells Fargo Bank, N.A. | Blackrock S&P 500 | ** | 633,689 |
| * | Wells Fargo Bank, N.A. | TROWE PRICE INST LCG MGD | ** | 426,085 |
| | | | | 1,273,528 |
| | **Mutual funds:** | | | |
| * | Wells Fargo Bank, N.A. | AMER CENT SMALL CAP GTH-R6 | ** | 192,225 |
| * | Wells Fargo Bank, N.A. | AMERICAN NEW PERSPECT CL R6 #2607 | ** | 134,988 |
| * | Wells Fargo Bank, N.A. | CARILLON EAGLE M/C GRW-R6 #3909 | ** | 132,448 |
| * | Wells Fargo Bank, N.A. | DELAWARE EMERGING MARKETS-R6 | ** | 20,217 |
| * | Wells Fargo Bank, N.A. | DELAWARE SMALL CAP VALUE-R6 #048 | ** | 2,380 |
| * | Wells Fargo Bank, N.A. | DODGE & COX STOCK FUND #145 | ** | 186,271 |
| * | Wells Fargo Bank, N.A. | FIDELITY ADVISOR TOTAL BD-Z #2733 | ** | 513,840 |
| * | Wells Fargo Bank, N.A. | MFS INTERNATIONAL GROWTH-R6 #4805 | ** | 389,800 |
| * | Wells Fargo Bank, N.A. | MFS MID CAP VALUE FUND-R6 #4837 | ** | $ 190,274 |

* *Party-in-interest.*
** *Historical cost information is not required for participant directed investment funds.*

**CITY VENTURES COMMUNITIES, LLC 401(K) PROFIT SHARING PLAN**

**SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)**
**EIN: 90-0609362**
**PLAN # 001**

**DECEMBER 31, 2018**

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par or maturity value | (d) Cost | (e) Current value |
|---|---|---|---|---|
| | **Mutual funds continued:** | | | |
| * | Wells Fargo Bank, N.A. | PIMCO REAL RETURN FUND-INST #122 | ** | $ 199,990 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2015-INS #2715 | ** | 18,177 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2020 | ** | 5,098 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2025 | ** | 262,862 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2030 | ** | 440,511 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2035 | ** | 490,519 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2040 | ** | 149,404 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2045 | ** | 283,657 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2050 | ** | 441,419 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2055 | ** | 428,533 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2060 | ** | 40 |
| * | Wells Fargo Bank, N.A. | TIAA-CREF INSTL R/E SECS-INS | ** | 194,797 |
| * | Wells Fargo Bank, N.A. | VANGUARD I/T TRSRY INDX-ADM #1943 | ** | 153,619 |
| | | | | 4,831,069 |
| | **Notes receivable from participants:** | Interest rates ranging from 4.5% to 6.25% annually, maturity dates through February 26, 2028 | $ 0 | 210,239 |
| | Total investments | | | $ 6,736,096 |

* *Party-in-interest.*
** *Historical cost information is not required for participant directed investment funds.*

# CITY VENTURES COMMUNITIES, LLC
# 401(K) PROFIT SHARING PLAN

## Report, Financial Statements
## and Supplemental Information

## December 31, 2018 and 2017

**CITY VENTURES COMMUNITIES, LLC**
**401(K) PROFIT SHARING PLAN**

**INDEX TO REPORT, FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**


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* Schedules required by the Department of Labor Rules and Regulations for Reporting and Disclosures under the Employee Retirement Income Security Act of 1974 and not included herein have been omitted because they are not applicable or the required information is included in the financial statements or notes hereto.

TALLEY LLP

ADVICE. SOLUTIONS. RESULTS.

600 CITY PARKWAY WEST | SUITE 650 | ORANGE, CALIFORNIA 92868 | 714.867.2200 | 714.867.2201 (F)

# INDEPENDENT AUDITOR'S REPORT

To the Administrative Committee and Participants
City Ventures Communities, LLC
401(k) Profit Sharing Plan

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of City Ventures Communities, LLC 401(k) Profit Sharing Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statements of changes in net assets available for benefits for the years then ended, 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 ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the Plan's Administrative Committee instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Principal Trust Company and Wells Fargo Bank, N.A. (the "custodians"), except for comparing the information with the related information included in the financial statements. We have been informed by the Plan's Administrative Committee that the custodians hold the Plan's investment assets and execute investment transactions. The Plan's Administrative Committee has obtained a certification from the custodians as of and for the years ended December 31, 2018 and 2017, that the information provided to the Plan's Administrative Committee by the custodians is complete and accurate.

**Disclaimer of Opinion**

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

**Other Matter**

The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2018, is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule referred to above.

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

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodians, has been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, is presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Talley, LLP

Orange, California
September 30, 2019

**CITY VENTURES COMMUNITIES, LLC 401(K) PROFIT SHARING PLAN**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

**DECEMBER 31,**

**ASSETS**

| | 2018 | 2017 |
|---|---|---|
| **Investments at fair value:** | | |
| Common collective trusts | $ 1,273,528 | $ 2,218,196 |
| Pooled accounts | - | 1,415,657 |
| Mutual funds | 4,831,069 | 1,896,623 |
| | 6,104,597 | 5,530,476 |
| **Investments at contract value:** | | |
| Guaranteed investment contracts | 421,260 | 109,510 |
| Total investments | 6,525,857 | 5,639,986 |
| **Receivables:** | | |
| Contributions receivable - employer | 723,655 | 604,804 |
| Notes receivable from participants | 210,239 | 131,424 |
| Total receivables | 933,894 | 736,228 |
| **Total assets - net assets available for benefits** | $ 7,459,751 | $ 6,376,214 |

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

**CITY VENTURES COMMUNITIES, LLC 401(K) PROFIT SHARING PLAN**

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

**YEARS ENDED DECEMBER 31,**

| | 2018 | 2017 |
|---|---|---|
| **Additions to net assets attributed to:** | | |
| Contributions: | | |
| Participants | $ 947,539 | $ 816,360 |
| Employer | 725,889 | 604,804 |
| Rollovers | 440,382 | 44,844 |
| Total contributions | 2,113,810 | 1,466,008 |
| Investment income: | | |
| Net appreciation in fair value of investments | - | 743,852 |
| Interest and dividends | 107,991 | 18,201 |
| Total investment income | 107,991 | 762,053 |
| Interest income on notes receivable from participants | 7,834 | 6,198 |
| Total additions | 2,229,635 | 2,234,259 |
| **Deductions from net assets attributed to:** | | |
| Benefits paid directly to participants | 543,405 | 529,121 |
| Net depreciation in fair value of investments | 577,751 | - |
| Administrative expenses | 24,942 | 12,431 |
| Total deductions | 1,146,098 | 541,552 |
| Net increase in net assets | 1,083,537 | 1,692,707 |
| **Net assets available for benefits:** | | |
| Beginning of year | 6,376,214 | 4,683,507 |
| End of year | $ 7,459,751 | $ 6,376,214 |

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

**CITY VENTURES COMMUNITIES, LLC**
**401(K) PROFIT SHARING PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2018 and 2017**

## NOTE 1 - GENERAL DESCRIPTION OF THE PLAN

The City Ventures Communities, LLC 401(k) Profit Sharing Plan (the "Plan") was adopted by City Ventures Communities, LLC (the "Company") in January 2011. The Plan was subsequently amended and restated in its entirety effective June 2018. The following description of the Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

1. **General and Eligibility.** The Plan is a defined contribution plan covering all eligible employees of the Company. An employee will not become eligible if he or she is a member of a collective bargaining agreement or a non-resident alien who receives no earned income from services rendered within the United States. Employees are eligible to participate in the Plan once they have reached age 21. Participants are eligible for profit sharing and non-elective employer contributions following completion of 1 year of service, defined as 1,000 hours of service over 12 consecutive months. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") and is administered by the Plan Administrator.

2. **Contributions.** Under the Plan, employees may elect to defer a portion of their compensation, as defined in the Plan. Contributions are subject to certain statutory limitations as imposed by the IRS. Participants may also contribute amounts representing distributions from other qualified contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. For the year ended December 31, 2018 and 2017, the Company matches employee contributions, up to 6% of their compensation. Company contributions are allocated to the accounts of all participants employed on the last day of the Plan year and are made in the ratio in which the participant's compensation bears to the compensation of all participants for the Plan year. There were Company matching contributions of $747,079 and $651,104 for the years ended December 31, 2018 and 2017, respectively. Forfeitures of $23,424 and $46,300 were used to reduce matching contributions for the years ended December 31, 2018 and 2017, respectively. In addition, there was a qualified non-elective employer contribution of $2,234 for the year ended December 31, 2018.

3. **Participant Accounts.** Each participant's account is credited with the participant's elective contribution and allocation of the Company's matching contribution and Plan earnings (losses) and charged with an allocation of administrative expenses paid by the Plan. Allocations of the Company's matching contribution are based on the participant's compensation. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

4. **Vesting.** Company contributions vest 20% after one year of service and increase 20% for each additional year of service, with 100% after five years of service. Benefits attributable to each participant will become fully vested in the event of death, total and permanent disability, normal retirement, or the attainment of 100% vesting.

## NOTE 1 - GENERAL DESCRIPTION OF THE PLAN (CONTINUED)

5. **Investment Options.** Participants may choose among various investment funds in which their contributions are to be invested. All of the Plan's investment options are participant directed.

6. **Notes Receivable from Participants.** Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. The maximum number of notes outstanding at any one time is one. Note transactions are treated as a transfer from the investment fund to the notes receivable from participant's fund. The notes are secured by the balance in the participant's account and bear interest at rates ranging from 4.5% to 6.25%, which is commensurate with local prevailing rates as determined by the Plan Administrator. Principal and interest is paid ratably through monthly payroll deductions.

7. **Payments of Benefits.** Participants are eligible to receive a distribution of their account balance, to the extent vested, upon termination of employment, retirement, death, or disability. Benefits are payable as a lump sum amount equal to the participant's entire interest in the Plan, as installments or as partial withdrawals. Net assets as of December 31, 2018 and 2017, include vested account balances of terminated employees totaling $2,232,256 and $1,764,017, respectively.

8. **Forfeited Accounts.** Participants forfeit the unvested portion of their accounts upon receipt of distribution of the vested account balance. Forfeitures can be used to pay administrative expenses of the Plan and any remaining forfeitures can be used to reduce matching contributions and nonelective employer contributions. Forfeiture of nonvested accounts occurs at the end of the Plan Year in which a participant receives a distribution of his or her accounts, or a deemed distribution if he or she was not vested; or if earlier, at the end of the Plan Year in which the participant has incurred five consecutive one-year breaks-in-service. As of December 31, 2018 and 2017, forfeited non-vested accounts available to offset administrative expenses and Company contributions totaled $17,773 and $1,942, respectively.

9. **Plan Administration.** Wells Fargo Bank, N.A. served as the custodian and recordkeeper from June 15, 2018 to December 31, 2018. Principal Trust Company served as the custodian from January 1, 2017 to December 31, 2018. Principal Financial Group served as the recordkeeper from January 1, 2017 to June 15, 2018. To the extent not paid by the employer, reasonable administrative expenses may be charged to the participants' accounts on a pro rata basis or per capita basis as determined by the Administrative Committee. Administrative expenses paid by the Plan totaled $24,942 and $12,431 for the years ended December 31, 2018 and 2017, respectively. Administrative expenses paid by the Company totaled $12,828 and $18,210 for the years ended December 31, 2018 and 2017, respectively.

## NOTE 1 - GENERAL DESCRIPTION OF THE PLAN (CONTINUED)

10. **Plan Termination.** The Company anticipates and believes that the Plan will continue without interruption but reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon full or partial termination of the Plan, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Use of Estimates

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

### Basis of Accounting

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

### Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for discussion on fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) in the fair value of investments consists of both realized and unrealized gains and losses. Realized gains and losses are measured as the difference between the historical cost of investments sold or redeemed during the year and the proceeds received from their sale or redemption.

### Payment of Benefits

Benefits are recorded when paid.

## NOTE 3 – SUMMARY OF FINANCIAL DATA CERTIFIED BY THE CUSTODIANS OF PLAN ASSETS

The following financial data was certified by the custodians of Plan Assets of the Plan as of and for the years ended December 31, 2018 and 2017 in accordance with Section 29 CFR 2520.103-5(d) of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA.

Statement of net assets available for benefits:

| | 2018 | 2017 |
|---|---|---|
| Investments in – | | |
| Mutual funds | $ 4,831,069 | $ 1,896,623 |
| Common collective trusts | 1,694,788 | 2,327,706 |
| Pooled accounts | - | 1,415,657 |
| Notes receivables from participants | 210,239 | 131,424 |
| Net assets available for benefits | $ 6,736,096 | $ 5,771,410 |

Statement of changes in net assets available for plan benefits:

| | 2018 | 2017 |
|---|---|---|
| Additions to net assets: | | |
| Contributions | $ 2,041,504 | $ 1,088,514 |
| Net appreciation in fair value of investments | - | 700,857 |
| Other receipts | 7,834 | 4,375 |
| Net income cash receipts | - | 67,323 |
| Total additions | 2,049,338 | 1,861,069 |
| Deductions of net assets: | | |
| Benefits paid to participants | 543,405 | 529,121 |
| Net depreciation in fair value of investments | 469,760 | - |
| Fees and other expenses | 24,942 | 12,431 |
| Other disbursements | 46,545 | 11,651 |
| Total deductions | $ 1,084,652 | $ 553,203 |

## NOTE 3 – SUMMARY OF FINANCIAL DATA CERTIFIED BY THE CUSTODIANS OF PLAN ASSETS (CONTINUED)

| | | |
|---|---|---|
| Net increase in net assets | $ 964,686 | $ 1,307,866 |
| Net assets available for benefits | | |
| Beginning of year | 5,771,410 | 4,463,544 |
| End of year | $ 6,736,096 | $ 5,771,410 |

## NOTE 4 - FEDERAL INCOME TAX STATUS

The Plan adopted the Volume Submitter Profit Sharing Plans with CODA, which obtained its latest determination letters on March 2014 and March 2008. In these letters, the Internal Revenue Service states that the Plan qualifies, in form, under Section 401(a) of the Internal Revenue Code (the "Code"), and the underlying trusts are therefore exempt from federal income taxes under Section 501(a) of the Code. The Plan has been amended since receiving the determination letters. However, the Plan Administrator believes that the Plan is designed and is 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.

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Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, Fair Value Measurement and Disclosures, provides the 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 FASB ASC 820 are described as follows:

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

Level 2 – Inputs to the valuation methodology include 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 are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 or 2017.

*Mutual funds:* Valued at unit value of units held by the Plan in mutual funds issued by custodians. The unit value is determined at the close of business each day and is based on quoted mutual fund values of the shares held by the Plan.

*Pooled accounts:* Valued at the net asset value of units held by the Plan at year end. The net asset value ("NAV") is determined by the custodians of the fund and is based upon the fair value of the underlying assets held by the fund.

## NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)

*Common collective trusts:* Valued at the net asset value of units held by the Plan at year end. The NAV is determined by the custodians of the fund and is based upon the fair value of the underlying assets held by the fund.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2018:

| | Level 1 | Level 2 | Level 3 | Fair Value Measurement |
|---|---|---|---|---|
| Common collective trusts* | $ - | $ - | $ - | $ 1,694,788 |
| Mutual funds | $ 4,831,069 | $ - | $ - | $ 4,831,069 |

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2017:

| | Level 1 | Level 2 | Level 3 | Fair Value Measurement |
|---|---|---|---|---|
| Common collective trusts* | $ - | $ - | $ - | $ 2,327,706 |
| Pooled accounts* | - | - | - | 1,415,657 |
| Mutual funds | $ 1,896,623 | $ - | $ - | $ 1,896,623 |

***** This category includes common/collective trust funds that are designed to delivery safety and stability by preserving principal and accumulating earnings. Valued at the NAV of units held by the Plan at year end. The NAV is determined by the custodian of the fund and is based on the fair value of the underlying assets held by the fund. In accordance with ASC 820, Fair Value Measurement, certain investments are measured at fair value using the NAV (or its equivalent) practical expedient that have not been classified in the fair value hierarchy. The fair value amount presented in this table is intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

## NOTE 7 - RISKS AND UNCERTAINTIES

The Plan invests in investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur

## NOTE 7 - RISKS AND UNCERTAINTIES (CONTINUED)

in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

## NOTE 8 – STABLE VALUE FUND AND STABLE RETURN FUND

The Plan has fully benefit-responsive investment contracts with its custodians. Custodians maintain the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. Custodians are contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

The contract is included in the financial statements at contract value as reported to the Plan by custodians. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Fair value reflects the relationship between credited rates earned by the funds and current market rates. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. Certain events may limit the ability of the Plan to transact at contract value with the issuer and that also limits the ability of the Plan to transact at contract value with the participants in the following not probable of occurring events: premature termination of the contracts by the Plan, business closing, layoffs, plan termination, bankruptcy, mergers and early retirement incentives.

The rate of return credited to the book value of the fund, expressed as an annual percentage rate and is calculated based on a book value dollar weighted basis. A crediting rate is determined per investment contract which may remain fixed for the term of the contract or may be reset at predetermined intervals based upon portfolio characteristics including yields, market value, book value, and duration. The gross interest rates were 2.41% and 2.14% as of December 31, 2018 for the Stable Value Fund and Stable Return Fund, respectively. The gross interest rate was 1.82% as of December 31, 2017 for the Stable Value Fund.

## NOTE 9 – SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through September 30, 2019, the date these financial statements were available to be issued. No material subsequent events have occurred since December 31, 2018 that required recognition or disclosure in the current period financial statements.

# SUPPLEMENTAL INFORMATION

**CITY VENTURES COMMUNITIES, LLC 401(K) PROFIT SHARING PLAN**

**SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)**
**EIN: 90-0609362**
**PLAN # 001**

**DECEMBER 31, 2018**

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par or maturity value | (d) Cost | (e) Current value |
|---|---|---|---|---|
| | **Guaranteed investment contracts:** | | | |
| * | Principal Trust Company | Stable Value Fund | ** | $ 212,590 |
| * | Wells Fargo Bank, N.A. | Stable Return Fund | ** | 208,670 |
| | | | | 421,260 |
| | **Common collective trusts:** | | | |
| * | Wells Fargo Bank, N.A. | Blackrock Intl Eq Index | ** | 119,113 |
| * | Wells Fargo Bank, N.A. | Blackrock RU 2000 | ** | 50,092 |
| * | Wells Fargo Bank, N.A. | Blackrock S&P Midcap | ** | 44,549 |
| * | Wells Fargo Bank, N.A. | Blackrock S&P 500 | ** | 633,689 |
| * | Wells Fargo Bank, N.A. | TROWE PRICE INST LCG MGD | ** | 426,085 |
| | | | | 1,273,528 |
| | **Mutual funds:** | | | |
| * | Wells Fargo Bank, N.A. | AMER CENT SMALL CAP GTH-R6 | ** | 192,225 |
| * | Wells Fargo Bank, N.A. | AMERICAN NEW PERSPECT CL R6 #2607 | ** | 134,988 |
| * | Wells Fargo Bank, N.A. | CARILLON EAGLE M/C GRW-R6 #3909 | ** | 132,448 |
| * | Wells Fargo Bank, N.A. | DELAWARE EMERGING MARKETS-R6 | ** | 20,217 |
| * | Wells Fargo Bank, N.A. | DELAWARE SMALL CAP VALUE-R6 #048 | ** | 2,380 |
| * | Wells Fargo Bank, N.A. | DODGE & COX STOCK FUND #145 | ** | 186,271 |
| * | Wells Fargo Bank, N.A. | FIDELITY ADVISOR TOTAL BD-Z #2733 | ** | 513,840 |
| * | Wells Fargo Bank, N.A. | MFS INTERNATIONAL GROWTH-R6 #4805 | ** | 389,800 |
| * | Wells Fargo Bank, N.A. | MFS MID CAP VALUE FUND-R6 #4837 | ** | $ 190,274 |

* *Party-in-interest.*
** *Historical cost information is not required for participant directed investment funds.*

**CITY VENTURES COMMUNITIES, LLC 401(K) PROFIT SHARING PLAN**

**SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)**
**EIN: 90-0609362**
**PLAN # 001**

**DECEMBER 31, 2018**

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par or maturity value | (d) Cost | (e) Current value |
|---|---|---|---|---|
| | **Mutual funds continued:** | | | |
| * | Wells Fargo Bank, N.A. | PIMCO REAL RETURN FUND-INST #122 | ** | $ 199,990 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2015-INS #2715 | ** | 18,177 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2020 | ** | 5,098 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2025 | ** | 262,862 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2030 | ** | 440,511 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2035 | ** | 490,519 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2040 | ** | 149,404 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2045 | ** | 283,657 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2050 | ** | 441,419 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2055 | ** | 428,533 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2060 | ** | 40 |
| * | Wells Fargo Bank, N.A. | TIAA-CREF INSTL R/E SECS-INS | ** | 194,797 |
| * | Wells Fargo Bank, N.A. | VANGUARD I/T TRSRY INDX-ADM #1943 | ** | 153,619 |
| | | | | 4,831,069 |
| | **Notes receivable from participants:** | Interest rates ranging from 4.5% to 6.25% annually, maturity dates through February 26, 2028 | $ 0 | 210,239 |
| | Total investments | | | $ 6,736,096 |

* *Party-in-interest.*
** *Historical cost information is not required for participant directed investment funds.*

# CITY VENTURES COMMUNITIES, LLC
# 401(K) PROFIT SHARING PLAN

## Report, Financial Statements
## and Supplemental Information

## December 31, 2018 and 2017

**CITY VENTURES COMMUNITIES, LLC**
**401(K) PROFIT SHARING PLAN**

**INDEX TO REPORT, FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**


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* Schedules required by the Department of Labor Rules and Regulations for Reporting and Disclosures under the Employee Retirement Income Security Act of 1974 and not included herein have been omitted because they are not applicable or the required information is included in the financial statements or notes hereto.

TALLEY LLP

ADVICE. SOLUTIONS. RESULTS.

600 CITY PARKWAY WEST | SUITE 650 | ORANGE, CALIFORNIA 92868 | 714.867.2200 | 714.867.2201 (F)

# INDEPENDENT AUDITOR'S REPORT

To the Administrative Committee and Participants
City Ventures Communities, LLC
401(k) Profit Sharing Plan

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of City Ventures Communities, LLC 401(k) Profit Sharing Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statements of changes in net assets available for benefits for the years then ended, 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 ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the Plan's Administrative Committee instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Principal Trust Company and Wells Fargo Bank, N.A. (the "custodians"), except for comparing the information with the related information included in the financial statements. We have been informed by the Plan's Administrative Committee that the custodians hold the Plan's investment assets and execute investment transactions. The Plan's Administrative Committee has obtained a certification from the custodians as of and for the years ended December 31, 2018 and 2017, that the information provided to the Plan's Administrative Committee by the custodians is complete and accurate.

**Disclaimer of Opinion**

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

**Other Matter**

The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2018, is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule referred to above.

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

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodians, has been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, is presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Talley, LLP

Orange, California
September 30, 2019

**CITY VENTURES COMMUNITIES, LLC 401(K) PROFIT SHARING PLAN**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

**DECEMBER 31,**

**ASSETS**

| | 2018 | 2017 |
|---|---|---|
| **Investments at fair value:** | | |
| Common collective trusts | $ 1,273,528 | $ 2,218,196 |
| Pooled accounts | - | 1,415,657 |
| Mutual funds | 4,831,069 | 1,896,623 |
| | 6,104,597 | 5,530,476 |
| **Investments at contract value:** | | |
| Guaranteed investment contracts | 421,260 | 109,510 |
| Total investments | 6,525,857 | 5,639,986 |
| **Receivables:** | | |
| Contributions receivable - employer | 723,655 | 604,804 |
| Notes receivable from participants | 210,239 | 131,424 |
| Total receivables | 933,894 | 736,228 |
| **Total assets - net assets available for benefits** | $ 7,459,751 | $ 6,376,214 |

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

**CITY VENTURES COMMUNITIES, LLC 401(K) PROFIT SHARING PLAN**

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

**YEARS ENDED DECEMBER 31,**

| | 2018 | 2017 |
|---|---|---|
| **Additions to net assets attributed to:** | | |
| Contributions: | | |
| Participants | $ 947,539 | $ 816,360 |
| Employer | 725,889 | 604,804 |
| Rollovers | 440,382 | 44,844 |
| Total contributions | 2,113,810 | 1,466,008 |
| Investment income: | | |
| Net appreciation in fair value of investments | - | 743,852 |
| Interest and dividends | 107,991 | 18,201 |
| Total investment income | 107,991 | 762,053 |
| Interest income on notes receivable from participants | 7,834 | 6,198 |
| Total additions | 2,229,635 | 2,234,259 |
| **Deductions from net assets attributed to:** | | |
| Benefits paid directly to participants | 543,405 | 529,121 |
| Net depreciation in fair value of investments | 577,751 | - |
| Administrative expenses | 24,942 | 12,431 |
| Total deductions | 1,146,098 | 541,552 |
| Net increase in net assets | 1,083,537 | 1,692,707 |
| **Net assets available for benefits:** | | |
| Beginning of year | 6,376,214 | 4,683,507 |
| End of year | $ 7,459,751 | $ 6,376,214 |

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

**CITY VENTURES COMMUNITIES, LLC**
**401(K) PROFIT SHARING PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2018 and 2017**

## NOTE 1 - GENERAL DESCRIPTION OF THE PLAN

The City Ventures Communities, LLC 401(k) Profit Sharing Plan (the "Plan") was adopted by City Ventures Communities, LLC (the "Company") in January 2011. The Plan was subsequently amended and restated in its entirety effective June 2018. The following description of the Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

1. **General and Eligibility.** The Plan is a defined contribution plan covering all eligible employees of the Company. An employee will not become eligible if he or she is a member of a collective bargaining agreement or a non-resident alien who receives no earned income from services rendered within the United States. Employees are eligible to participate in the Plan once they have reached age 21. Participants are eligible for profit sharing and non-elective employer contributions following completion of 1 year of service, defined as 1,000 hours of service over 12 consecutive months. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") and is administered by the Plan Administrator.

2. **Contributions.** Under the Plan, employees may elect to defer a portion of their compensation, as defined in the Plan. Contributions are subject to certain statutory limitations as imposed by the IRS. Participants may also contribute amounts representing distributions from other qualified contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. For the year ended December 31, 2018 and 2017, the Company matches employee contributions, up to 6% of their compensation. Company contributions are allocated to the accounts of all participants employed on the last day of the Plan year and are made in the ratio in which the participant's compensation bears to the compensation of all participants for the Plan year. There were Company matching contributions of $747,079 and $651,104 for the years ended December 31, 2018 and 2017, respectively. Forfeitures of $23,424 and $46,300 were used to reduce matching contributions for the years ended December 31, 2018 and 2017, respectively. In addition, there was a qualified non-elective employer contribution of $2,234 for the year ended December 31, 2018.

3. **Participant Accounts.** Each participant's account is credited with the participant's elective contribution and allocation of the Company's matching contribution and Plan earnings (losses) and charged with an allocation of administrative expenses paid by the Plan. Allocations of the Company's matching contribution are based on the participant's compensation. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

4. **Vesting.** Company contributions vest 20% after one year of service and increase 20% for each additional year of service, with 100% after five years of service. Benefits attributable to each participant will become fully vested in the event of death, total and permanent disability, normal retirement, or the attainment of 100% vesting.

## NOTE 1 - GENERAL DESCRIPTION OF THE PLAN (CONTINUED)

5. **Investment Options.** Participants may choose among various investment funds in which their contributions are to be invested. All of the Plan's investment options are participant directed.

6. **Notes Receivable from Participants.** Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. The maximum number of notes outstanding at any one time is one. Note transactions are treated as a transfer from the investment fund to the notes receivable from participant's fund. The notes are secured by the balance in the participant's account and bear interest at rates ranging from 4.5% to 6.25%, which is commensurate with local prevailing rates as determined by the Plan Administrator. Principal and interest is paid ratably through monthly payroll deductions.

7. **Payments of Benefits.** Participants are eligible to receive a distribution of their account balance, to the extent vested, upon termination of employment, retirement, death, or disability. Benefits are payable as a lump sum amount equal to the participant's entire interest in the Plan, as installments or as partial withdrawals. Net assets as of December 31, 2018 and 2017, include vested account balances of terminated employees totaling $2,232,256 and $1,764,017, respectively.

8. **Forfeited Accounts.** Participants forfeit the unvested portion of their accounts upon receipt of distribution of the vested account balance. Forfeitures can be used to pay administrative expenses of the Plan and any remaining forfeitures can be used to reduce matching contributions and nonelective employer contributions. Forfeiture of nonvested accounts occurs at the end of the Plan Year in which a participant receives a distribution of his or her accounts, or a deemed distribution if he or she was not vested; or if earlier, at the end of the Plan Year in which the participant has incurred five consecutive one-year breaks-in-service. As of December 31, 2018 and 2017, forfeited non-vested accounts available to offset administrative expenses and Company contributions totaled $17,773 and $1,942, respectively.

9. **Plan Administration.** Wells Fargo Bank, N.A. served as the custodian and recordkeeper from June 15, 2018 to December 31, 2018. Principal Trust Company served as the custodian from January 1, 2017 to December 31, 2018. Principal Financial Group served as the recordkeeper from January 1, 2017 to June 15, 2018. To the extent not paid by the employer, reasonable administrative expenses may be charged to the participants' accounts on a pro rata basis or per capita basis as determined by the Administrative Committee. Administrative expenses paid by the Plan totaled $24,942 and $12,431 for the years ended December 31, 2018 and 2017, respectively. Administrative expenses paid by the Company totaled $12,828 and $18,210 for the years ended December 31, 2018 and 2017, respectively.

## NOTE 1 - GENERAL DESCRIPTION OF THE PLAN (CONTINUED)

10. **Plan Termination.** The Company anticipates and believes that the Plan will continue without interruption but reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon full or partial termination of the Plan, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Use of Estimates

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

### Basis of Accounting

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

### Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for discussion on fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) in the fair value of investments consists of both realized and unrealized gains and losses. Realized gains and losses are measured as the difference between the historical cost of investments sold or redeemed during the year and the proceeds received from their sale or redemption.

### Payment of Benefits

Benefits are recorded when paid.

## NOTE 3 – SUMMARY OF FINANCIAL DATA CERTIFIED BY THE CUSTODIANS OF PLAN ASSETS

The following financial data was certified by the custodians of Plan Assets of the Plan as of and for the years ended December 31, 2018 and 2017 in accordance with Section 29 CFR 2520.103-5(d) of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA.

Statement of net assets available for benefits:

| | 2018 | 2017 |
|---|---|---|
| Investments in – | | |
| Mutual funds | $ 4,831,069 | $ 1,896,623 |
| Common collective trusts | 1,694,788 | 2,327,706 |
| Pooled accounts | - | 1,415,657 |
| Notes receivables from participants | 210,239 | 131,424 |
| Net assets available for benefits | $ 6,736,096 | $ 5,771,410 |

Statement of changes in net assets available for plan benefits:

| | 2018 | 2017 |
|---|---|---|
| Additions to net assets: | | |
| Contributions | $ 2,041,504 | $ 1,088,514 |
| Net appreciation in fair value of investments | - | 700,857 |
| Other receipts | 7,834 | 4,375 |
| Net income cash receipts | - | 67,323 |
| Total additions | 2,049,338 | 1,861,069 |
| Deductions of net assets: | | |
| Benefits paid to participants | 543,405 | 529,121 |
| Net depreciation in fair value of investments | 469,760 | - |
| Fees and other expenses | 24,942 | 12,431 |
| Other disbursements | 46,545 | 11,651 |
| Total deductions | $ 1,084,652 | $ 553,203 |

## NOTE 3 – SUMMARY OF FINANCIAL DATA CERTIFIED BY THE CUSTODIANS OF PLAN ASSETS (CONTINUED)

| | | |
|---|---|---|
| Net increase in net assets | $ 964,686 | $ 1,307,866 |
| Net assets available for benefits | | |
| Beginning of year | 5,771,410 | 4,463,544 |
| End of year | $ 6,736,096 | $ 5,771,410 |

## NOTE 4 - FEDERAL INCOME TAX STATUS

The Plan adopted the Volume Submitter Profit Sharing Plans with CODA, which obtained its latest determination letters on March 2014 and March 2008. In these letters, the Internal Revenue Service states that the Plan qualifies, in form, under Section 401(a) of the Internal Revenue Code (the "Code"), and the underlying trusts are therefore exempt from federal income taxes under Section 501(a) of the Code. The Plan has been amended since receiving the determination letters. However, the Plan Administrator believes that the Plan is designed and is 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.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the organization 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. The Plan administrator believes it is no longer subject to income tax examinations for periods prior to 2015.

## NOTE 5 - PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are managed by Principal Financial Group and Wells Fargo Bank, N.A. Principal Trust Company (an affiliated entity) and Wells Fargo Bank, N.A. are the custodians as defined by the Plan, and therefore these transactions qualify as party-in-interest transactions.

## NOTE 6 - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, Fair Value Measurement and Disclosures, provides the 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 FASB ASC 820 are described as follows:

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

Level 2 – Inputs to the valuation methodology include 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 are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 or 2017.

*Mutual funds:* Valued at unit value of units held by the Plan in mutual funds issued by custodians. The unit value is determined at the close of business each day and is based on quoted mutual fund values of the shares held by the Plan.

*Pooled accounts:* Valued at the net asset value of units held by the Plan at year end. The net asset value ("NAV") is determined by the custodians of the fund and is based upon the fair value of the underlying assets held by the fund.

## NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)

*Common collective trusts:* Valued at the net asset value of units held by the Plan at year end. The NAV is determined by the custodians of the fund and is based upon the fair value of the underlying assets held by the fund.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2018:

| | Level 1 | Level 2 | Level 3 | Fair Value Measurement |
|---|---|---|---|---|
| Common collective trusts* | $ - | $ - | $ - | $ 1,694,788 |
| Mutual funds | $ 4,831,069 | $ - | $ - | $ 4,831,069 |

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2017:

| | Level 1 | Level 2 | Level 3 | Fair Value Measurement |
|---|---|---|---|---|
| Common collective trusts* | $ - | $ - | $ - | $ 2,327,706 |
| Pooled accounts* | - | - | - | 1,415,657 |
| Mutual funds | $ 1,896,623 | $ - | $ - | $ 1,896,623 |

***** This category includes common/collective trust funds that are designed to delivery safety and stability by preserving principal and accumulating earnings. Valued at the NAV of units held by the Plan at year end. The NAV is determined by the custodian of the fund and is based on the fair value of the underlying assets held by the fund. In accordance with ASC 820, Fair Value Measurement, certain investments are measured at fair value using the NAV (or its equivalent) practical expedient that have not been classified in the fair value hierarchy. The fair value amount presented in this table is intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

## NOTE 7 - RISKS AND UNCERTAINTIES

The Plan invests in investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur

## NOTE 7 - RISKS AND UNCERTAINTIES (CONTINUED)

in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

## NOTE 8 – STABLE VALUE FUND AND STABLE RETURN FUND

The Plan has fully benefit-responsive investment contracts with its custodians. Custodians maintain the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. Custodians are contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

The contract is included in the financial statements at contract value as reported to the Plan by custodians. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Fair value reflects the relationship between credited rates earned by the funds and current market rates. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. Certain events may limit the ability of the Plan to transact at contract value with the issuer and that also limits the ability of the Plan to transact at contract value with the participants in the following not probable of occurring events: premature termination of the contracts by the Plan, business closing, layoffs, plan termination, bankruptcy, mergers and early retirement incentives.

The rate of return credited to the book value of the fund, expressed as an annual percentage rate and is calculated based on a book value dollar weighted basis. A crediting rate is determined per investment contract which may remain fixed for the term of the contract or may be reset at predetermined intervals based upon portfolio characteristics including yields, market value, book value, and duration. The gross interest rates were 2.41% and 2.14% as of December 31, 2018 for the Stable Value Fund and Stable Return Fund, respectively. The gross interest rate was 1.82% as of December 31, 2017 for the Stable Value Fund.

## NOTE 9 – SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through September 30, 2019, the date these financial statements were available to be issued. No material subsequent events have occurred since December 31, 2018 that required recognition or disclosure in the current period financial statements.

# SUPPLEMENTAL INFORMATION

**CITY VENTURES COMMUNITIES, LLC 401(K) PROFIT SHARING PLAN**

**SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)**
**EIN: 90-0609362**
**PLAN # 001**

**DECEMBER 31, 2018**

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par or maturity value | (d) Cost | (e) Current value |
|---|---|---|---|---|
| | **Guaranteed investment contracts:** | | | |
| * | Principal Trust Company | Stable Value Fund | ** | $ 212,590 |
| * | Wells Fargo Bank, N.A. | Stable Return Fund | ** | 208,670 |
| | | | | 421,260 |
| | **Common collective trusts:** | | | |
| * | Wells Fargo Bank, N.A. | Blackrock Intl Eq Index | ** | 119,113 |
| * | Wells Fargo Bank, N.A. | Blackrock RU 2000 | ** | 50,092 |
| * | Wells Fargo Bank, N.A. | Blackrock S&P Midcap | ** | 44,549 |
| * | Wells Fargo Bank, N.A. | Blackrock S&P 500 | ** | 633,689 |
| * | Wells Fargo Bank, N.A. | TROWE PRICE INST LCG MGD | ** | 426,085 |
| | | | | 1,273,528 |
| | **Mutual funds:** | | | |
| * | Wells Fargo Bank, N.A. | AMER CENT SMALL CAP GTH-R6 | ** | 192,225 |
| * | Wells Fargo Bank, N.A. | AMERICAN NEW PERSPECT CL R6 #2607 | ** | 134,988 |
| * | Wells Fargo Bank, N.A. | CARILLON EAGLE M/C GRW-R6 #3909 | ** | 132,448 |
| * | Wells Fargo Bank, N.A. | DELAWARE EMERGING MARKETS-R6 | ** | 20,217 |
| * | Wells Fargo Bank, N.A. | DELAWARE SMALL CAP VALUE-R6 #048 | ** | 2,380 |
| * | Wells Fargo Bank, N.A. | DODGE & COX STOCK FUND #145 | ** | 186,271 |
| * | Wells Fargo Bank, N.A. | FIDELITY ADVISOR TOTAL BD-Z #2733 | ** | 513,840 |
| * | Wells Fargo Bank, N.A. | MFS INTERNATIONAL GROWTH-R6 #4805 | ** | 389,800 |
| * | Wells Fargo Bank, N.A. | MFS MID CAP VALUE FUND-R6 #4837 | ** | $ 190,274 |

* *Party-in-interest.*
** *Historical cost information is not required for participant directed investment funds.*

**CITY VENTURES COMMUNITIES, LLC 401(K) PROFIT SHARING PLAN**

**SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)**
**EIN: 90-0609362**
**PLAN # 001**

**DECEMBER 31, 2018**

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par or maturity value | (d) Cost | (e) Current value |
|---|---|---|---|---|
| | **Mutual funds continued:** | | | |
| * | Wells Fargo Bank, N.A. | PIMCO REAL RETURN FUND-INST #122 | ** | $ 199,990 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2015-INS #2715 | ** | 18,177 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2020 | ** | 5,098 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2025 | ** | 262,862 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2030 | ** | 440,511 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2035 | ** | 490,519 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2040 | ** | 149,404 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2045 | ** | 283,657 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2050 | ** | 441,419 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2055 | ** | 428,533 |
| * | Wells Fargo Bank, N.A. | TIAA CREF LIFECYCLE 2060 | ** | 40 |
| * | Wells Fargo Bank, N.A. | TIAA-CREF INSTL R/E SECS-INS | ** | 194,797 |
| * | Wells Fargo Bank, N.A. | VANGUARD I/T TRSRY INDX-ADM #1943 | ** | 153,619 |
| | | | | 4,831,069 |
| | **Notes receivable from participants:** | Interest rates ranging from 4.5% to 6.25% annually, maturity dates through February 26, 2028 | $ 0 | 210,239 |
| | Total investments | | | $ 6,736,096 |

* *Party-in-interest.*
** *Historical cost information is not required for participant directed investment funds.*