

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2018</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2018 or fiscal plan year beginning <u>01/01/2018</u> and ending <u>12/31/2018</u>			
A	This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)	
	☒ a single-employer plan	☐ a DFE (specify) ____	
B	This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)	
C	If the plan is a collectively-bargained plan, check here. ▶ ☐		
D	Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program	
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a	Name of plan <u>THE HARTLEY COMPANY 401K PLAN</u>	1b	Three-digit plan number (PN) ▶ <u>002</u>
		1c	Effective date of plan <u>01/01/2013</u>
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>THE HARTLEY COMPANY</u> <u>P. O. BOX 160</u> <u>CAMBRIDGE, OH 43725-0160</u>	2b	Employer Identification Number (EIN) <u>31-4201640</u>
		2c	Plan Sponsor's telephone number <u>740-432-2328</u>
		2d	Business code (see instructions) <u>424700</u>

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2019	DOUGLAS HARTLEY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2019	DOUGLAS HARTLEY
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 164
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 a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6a(1) 142 6a(2) 142 6b 2 6c 23 6d 167 6e 0 6f 167 6g 80 6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2T 3D b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	

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

a Pension Schedules

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

b General Schedules

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

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

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

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

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

11c Enter the Receipt Confirmation Code for the 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 H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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.	<small>OMB No. 1210-0110</small> 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 THE HARTLEY COMPANY 401K PLAN	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 THE HARTLEY COMPANY	D Employer Identification Number (EIN) 31-4201640	

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		37
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	94	220
(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)	25000	2468
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	631876	694668
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(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	656970	697393

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 through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	656970	697393
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Part II Income and Expense Statement

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

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	69137	
(B) Participants	2a(1)(B)	108575	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		177712
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)	288	
(F) Other	2b(1)(F)	425	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		713
(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)	21219	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		21219
(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)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		-61374
d Total income. Add all income amounts in column (b) and enter total.....	2d		138270

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	91632	
(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)		91632
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		1411
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)	4804	
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		4804
j Total expenses. Add all expense amounts in column (b) and enter total	2j		97847

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		40423
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: REA & ASSOCIATES, INC.

(2) EIN: 34-1310124

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

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

Part IV Compliance Questions

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

During the plan year:

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

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

	Yes	No	Amount
4a	X		158245
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.)		X	
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.).....		X	
4d		X	
e Was this plan covered by a fidelity bond?	X		250000
4e	X		250000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
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?.....		X	
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?.....		X	
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.)	X		
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.)		X	
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?		X	
4k		X	
l Has the plan failed to provide any benefit when due under the plan?.....		X	
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

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

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____. (See instructions.)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2018 This Form is Open to Public Inspection.
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For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018

A Name of plan <u>THE HARTLEY COMPANY 401K PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>THE HARTLEY COMPANY</u>	D Employer Identification Number (EIN) <u>31-4201640</u>

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

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions	1	
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): _____ 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	<u>13</u>

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.)
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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
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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
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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.
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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

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Schedule R (Form 5500) 2018
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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

b The plan year immediately preceding the current plan year

c The second preceding plan year

14a**14b****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

b The corresponding number for the second preceding plan year

15a**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

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

16a**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):

October 8, 2019

The Pension Committee and Participants of
The Hartley Company 401(k) Plan
Cambridge, Ohio

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of The Hartley Company 401(k) Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, 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

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

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified or provided by Peoples Bank National Association, the trustee of the Plan, except for comparing this information with the related information included in the financial statements. We have been informed by the Plan

Administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained certifications from the trustee as of December 31, 2018 and 2017, and for the years then ended, that the information provided to the Plan Administrator by the trustee is complete and accurate.

Disclaimer of Opinion

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

Other Matter

The supplemental Schedule of Assets Held at End of Year as of December 31, 2018 and the supplemental Schedule of Delinquent Participant Transactions for the year ended December 31, 2018 are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. The supplemental schedules are the responsibility of the Plan's management. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedules.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified or provided by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio

THE HARTLEY COMPANY 401(k) PLAN

SCHEDULE H, LINE 4I-SCHEDULE OF ASSETS HELD AT END OF YEAR
AS OF DECEMBER 31, 2018

(a)	(b) Identity of issues, 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
	Dodge & Cox Income Fund	Mutual Fund	**	23,504
	Fidelity Govt MMkt Premium	Mutual Fund	**	37,474
	Fidelity Advisor Strategic Inc	Mutual Fund	**	51
	Fidelity Small Cap Index	Mutual Fund	**	28,369
	Ivy Emerging Markets Equity	Mutual Fund	**	10,497
	Metropolitan West Total Return	Mutual Fund	**	36,260
	MFS International	Mutual Fund	**	49
	PIMCO Short Term Inst	Mutual Fund	**	12,260
	Principal Short Term Income	Mutual Fund	**	16,532
	Principal Small Cap Growth	Mutual Fund	**	19,093
	Goldman Sachs International Equity Insights	Mutual Fund	**	25,177
	Manning & Napier Ranier Intl Discovery Fund	Mutual Fund	**	19,815
	T. Rowe Price Blue Chip Growth	Mutual Fund	**	39,815
	T Rowe Price Capital Appreciation	Mutual Fund	**	3,007
	Schwab International Index Fund	Mutual Fund	**	20,425
	JP Morgan Equity Income Fund	Mutual Fund	**	30,271
	Vanguard 500 Index Fund-Admiral	Mutual Fund	**	173,139
	Vanguard Equity Income-Admiral	Mutual Fund	**	30,125
	Vanguard Growth Index Admiral	Mutual Fund	**	39,217
	Vanguard High Yield Corporate	Mutual Fund	**	3,037
	Vanguard Intermediate Term	Mutual Fund	**	20,925
	Vanguard Mid Cap Index-Admiral	Mutual Fund	**	59,037
	Vanguard Total Bond Market Index	Mutual Fund	**	26
	Vanguard ST Investment Grade	Mutual Fund	**	38,603
	Vanguard Wellington-Admiral	Mutual Fund	**	575
	Virtus SEIX Floating Rate High Income	Mutual Fund	**	7,607
				<u>694,891</u>
	Participant Loans	Terms - 1 to 5 years at an interest rate of 6.25 -7.25%		<u>2,468</u>
		Total		<u>\$ 697,359</u>

* Denotes party-in-interest

** Cost is not required for participant directed accounts

The above information has been certified by Peoples Bank, the trustee, as complete and accurate.

THE HARTLEY COMPANY 401(K) PENSION PLAN

FORM 5500, SCHEDULE H, PART IV, LINE 4a:
SCHEDULE OF DELINQUENT PARTICIPANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

EIN: 31-4201640
PLAN NUMBER: 002

Plan contributions transferred late to Plan	Total that constitute nonexempt prohibited			Total full corrected under VFCP and PTE 2002-51
	Contributions not corrected	Contributions corrected outside VFCP	Contributions pending correction in VFCP	
\$105,102	\$ -	\$105,102	\$ -	\$ -
<u>\$105,102</u>	<u>\$ -</u>	<u>\$105,102</u>	<u>\$ -</u>	<u>\$ -</u>

In 2018, the Plan Sponsor failed to deposit \$96,705 of plan contributions within the required time frame as stated by the United States Department of Labor (DOL) regulations on various dates throughout the plan year.

In 2017, the Plan Sponsor inadvertently failed to deposit \$8,397 of plan contributions within the required time frame as stated by the United States Department of Labor (DOL) regulations on various dates throughout the plan year.

The Hartley Company 401(k) Plan

*Audited Financial Statements
December 31, 2018 and 2017*



Rea & associates

www.reacpa.com

**The Hartley Company
401(k) Plan
Audited Financial Statements
December 31, 2018 and 2017**

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October 8, 2019

The Pension Committee and Participants of
The Hartley Company 401(k) Plan
Cambridge, Ohio

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of The Hartley Company 401(k) Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, 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

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

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified or provided by Peoples Bank National Association, the trustee of the Plan, except for comparing this information with the related information included in the financial statements. We have been informed by the Plan

Administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained certifications from the trustee as of December 31, 2018 and 2017, and for the years then ended, that the information provided to the Plan Administrator by the trustee is complete and accurate.

Disclaimer of Opinion

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

Other Matter

The supplemental Schedule of Assets Held at End of Year as of December 31, 2018 and the supplemental Schedule of Delinquent Participant Transactions for the year ended December 31, 2018 are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. The supplemental schedules are the responsibility of the Plan's management. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedules.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified or provided by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio

THE HARTLEY COMPANY
401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Investments at fair value (See Note 5)	\$ 694,891	\$ 631,970
Notes receivable from participants	<u>2,468</u>	<u>25,000</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 697,359</u>	<u>\$ 656,970</u>

The accompanying notes are an integral part of the financial statement.

THE HARTLEY COMPANY
401(k) PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Investment income:		
Net (depreciation) appreciation in fair value of investments	\$ (60,821)	\$ 73,739
Interest and dividends	<u>21,112</u>	<u>13,553</u>
Total investment (loss) income	(39,709)	87,292
Interest income on notes receivable from participants	288	36
Contributions:		
Participants	108,606	91,574
Employer	<u>69,125</u>	<u>62,977</u>
Total contributions	<u>177,731</u>	<u>154,551</u>
Total additions	138,310	241,879
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Benefits paid to participants	93,117	70,850
Administrative expense	<u>4,804</u>	<u>3,925</u>
Total deductions	<u>97,921</u>	<u>74,775</u>
Net increase in net assets	40,389	167,104
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	<u>656,970</u>	<u>489,866</u>
NET ASSETS AVAILABLE FOR BENEFITS, end of year	<u><u>\$ 697,359</u></u>	<u><u>\$ 656,970</u></u>

The accompanying notes are an integral part of the financial statement.

THE HARTLEY COMPANY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 1: DESCRIPTION OF PLAN

The following summary description of The Hartley Company 401(k) Plan (the “Plan”) is provided for general information purposes. Participants should refer to the Plan Document for more complete information regarding vesting, benefits, allocations and forfeiture provisions.

General

The Plan is a defined contribution plan covering all non-union employees of The Hartley Company who have one year of service and are age twenty-one or older. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Contributions

Each year participants may contribute up to 100 percent of pretax annual compensation, as defined in the Plan agreement, subject to Internal Revenue Service limitations. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other plans and IRA’s. The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan on the first of each month unless they affirmatively elect not to participate in the Plan. Automatically enrolled participants have their deferral rate set at 3% of eligible compensation and their contributions invested in a designated target date fund until changed by the participant. The Company will make a matching contribution equal to 100 percent of the participating employees’ elective deferral, limited to 3 percent of each participant’s salary and wages plus 50 percent of salary deferrals between 3 and 5 percent. The matching contribution for the years ended December 31, 2018 and 2017 was \$69,125 and \$62,977, respectively. Additional amounts may be contributed at the option of the Company’s Board of Directors. No additional amounts were contributed for the years ended December 31, 2018 and 2017, at the option of the Board of Directors.

Investment Options

Upon enrollment in the Plan, a participant may direct the investment of their contributions into any of several investment options with varying degrees of risk and volatility, allowing participants to allocate their investments based on their own risk tolerances and time horizons. Participants may change their investment option allocations at any time.

Participant Accounts

Each participant’s account is credited with the participant’s and Company’s matching contribution and allocation of (a) the Company’s discretionary contributions, (b) Plan earnings and (c) administrative expenses. Allocations are based on participant earnings or account balances, as defined in the Plan agreement. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account.

Vesting

Participant’s contributions and employer safe harbor matching contributions plus actual earnings thereon are 100 percent vested immediately, while other employer contributions plus earnings thereon, are vested depending on years of service on a graded scale. Participants are vested in 20 percent increments beginning in year 2 until year 6 when a participant becomes fully vested in the employer contributions.

Payment of benefits

A participant’s benefit upon retirement, death, disability, or termination is the value of the participant’s vested account and is payable in a lump sum amount unless an optional form of payment is elected by the participant.

THE HARTLEY COMPANY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 1: DESCRIPTION OF PLAN (Continued)

Notes Receivable From Participants

Participants may borrow from their fund accounts up to a maximum equal to the lesser of \$50,000 or 50 percent of their vested balance. The loans are secured by the balance in the participant's account. The loan interest rate as determined at inception, is set at 2% above Prime interest rate (7.25% and 6.25% at December 31, 2018 and 2017, respectively), as defined in accordance with the Plan. Principal and interest is paid ratably through payroll deductions.

Forfeited Accounts

Forfeitures are created when participants terminate employment before becoming entitled to their full benefits under the Plan. Forfeitures attributable to nonelective contributions will be allocated as an additional discretionary nonelective contribution. During the years ended December 31, 2018 and 2017, there were no forfeited non-vested accounts.

NOTE 2: SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts of net assets available for benefits and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are reported 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. The Plan's management determines the Plan's valuation policies information provided by the investment advisor and trustee. See Note 4 for discussion of 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) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable From Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document. No allowance for credit losses has been recorded as of December 31, 2018 or 2017.

Payment of Benefits

Benefits are recorded when paid.

THE HARTLEY COMPANY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF ACCOUNTING POLICIES (continued)

Administrative Expenses

Administrative expenses are paid for by the Company unless the Board of Directors directs the Plan to pay administrative expenses. Asset management fees, third party administrator fees and participant maintenance charges are netted against Plan earnings. Expenses that are paid by the Company are excluded from these financial statements.

Subsequent Events

Subsequent events have been evaluated through October 8, 2019 which is the date the financial statements were available to be issued.

NOTE 3: INFORMATION PREPARED AND CERTIFIED BY THE TRUSTEE

Certain information related to investments and notes receivable from participants disclosed in the accompanying financial statements and supplemental schedules, including investments held and notes receivable from participants at December 31, 2018 and 2017, and net appreciation in fair value of investments, interest and dividends for the years ended December 31, 2018 and 2017, was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by Peoples Bank National Association, the trustee of the Plan.

NOTE 4: FAIR VALUE MEASUREMENTS

Generally accepted accounting principles include a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- 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 HARTLEY COMPANY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Interest-bearing cash: Valued at the quoted prices for similar assets or liabilities.

Mutual funds and money market funds: Valued at the daily closing price as reported by the mutual fund. Mutual funds are held by the Plan are open-end mutual funds that are registers with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

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

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

Assets at Fair Value at December 31, 2018				
	Level 1	Level 2	Level 3	Total
Mutual funds	694,668	0	0	694,668
Investments at fair value	\$ 698,051	\$ 0	\$ 0	\$ 698,051

Assets at Fair Value at December 31, 2017				
	Level 1	Level 2	Level 3	Total
Interest-bearing cash	\$ 94	\$ 0	\$ 0	\$ 94
Mutual funds	631,876	0	0	631,876
Investments at fair value	\$ 631,970	\$ 0	\$ 0	\$ 631,970

NOTE 5: PARTY-IN-INTERST TRANSACTIONS

Peoples Bank National Association is the named trustee and recordkeeper of the Plan. Fees paid by the Plan to Peoples Bank National Association for trustee and record keeping services were \$4,804 and \$3,925 for the years ended December 31, 2018 and 2017, respectfully. These transactions qualify as party-in-interest transactions.

THE HARTLEY COMPANY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 6: PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts.

NOTE 7: TAX STATUS

The Plan has adopted a volume submitter profit sharing with CODA document sponsored by Peoples Bank NA. The Internal Revenue Service has determined and informed Peoples Bank NA by a letter date March 31, 2014 that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The opinion letter has been relied upon by this Plan. The Plan Administrator believes the Plan is designed and is being operated in compliance with the applicable provisions of the Internal Revenue Code and has no income subject to unrelated business income tax. 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 management of an organization to evaluate tax positions taken by the organization and recognize a tax liability if the organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Plan management has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 8: RISKS AND UNCERTAINTIES

The Plan holds various investments. Investment securities are exposed to various risks, such as interest rates, market and credit. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statements of changes in net assets available for benefits.

As of December 31, 2018, the Plan held \$372,292 of various Vanguard investments which was approximately 54% of total investments. Therefore, net assets available for benefits are particularly sensitive to changes related to these investments.

NOTE 9: NONEXEMPT TRANSACTIONS

During 2018, the Plan sponsor inadvertently failed to deposit \$96,705 of plan contributions within the required time frame as stated by the United States Department of Labor (DOL) regulations. During 2017, the Plan sponsor inadvertently failed to deposit \$8,397 of plan contributions within the required time frame as stated by the United States Department of Labor (DOL) regulations.

THE HARTLEY COMPANY 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 10: RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

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

	<u>2018</u>
Net assets available for benefits per the financial statements	\$ 697,359
Employer Receivable	37
Rounding	<u>(3)</u>
Net assets available for benefits per the Form 5500	<u>\$ 697,393</u>

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

	<u>2018</u>
Net increase in net assets per the financial statements	\$ 40,389
Employer Contributions	37
Rounding	<u>(3)</u>
Net income per the Form 5500	<u>\$ 40,423</u>

THE HARTLEY COMPANY 401(k) PLAN

SCHEDULE H, LINE 4I-SCHEDULE OF ASSETS HELD AT END OF YEAR
AS OF DECEMBER 31, 2018

(a)	(b) Identity of issues, 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
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	Schwab International Index Fund	Mutual Fund	**	20,425
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		Total		<u>\$ 697,359</u>

* Denotes party-in-interest

** Cost is not required for participant directed accounts

The above information has been certified by Peoples Bank, the trustee, as complete and accurate.

THE HARTLEY COMPANY 401(K) PENSION PLAN

FORM 5500, SCHEDULE H, PART IV, LINE 4a:
SCHEDULE OF DELINQUENT PARTICIPANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

EIN: 31-4201640

PLAN NUMBER: 002

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<u>\$105,102</u>	<u>\$ -</u>	<u>\$105,102</u>	<u>\$ -</u>	<u>\$ -</u>

In 2018, the Plan Sponsor failed to deposit \$96,705 of plan contributions within the required time frame as stated by the United States Department of Labor (DOL) regulations on various dates throughout the plan year.

In 2017, the Plan Sponsor inadvertently failed to deposit \$8,397 of plan contributions within the required time frame as stated by the United States Department of Labor (DOL) regulations on various dates throughout the plan year.