# 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
KSL ASSOCIATE GROUP 401(K) PLAN

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

**1c** Effective date of plan 01/01/1998

**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)
KSL ASSOCIATE GROUP, INC.

5790 FLEET STREET
SUITE 300
CARLSBAD, CA 92008

**2b** Employer Identification Number (EIN)
33-0894084

**2c** Plan Sponsor's telephone number
760-804-7028

**2d** Business code (see instructions)
623000

**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 | MITCH RITSCHEL |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | | | |
| | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| **SIGN HERE** | | | |
| | **Signature of DFE** | Date | Enter name of individual signing as DFE |

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

**3b** Administrator's EIN

**3c** Administrator's telephone number

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

**4b** EIN

**4d** PN

| | | | |
|---|---|---|---|
| **5** | Total number of participants at the beginning of the plan year | **5** | 1881 |
| **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)** | 1801 |
| **a(2)** | Total number of active participants at the end of the plan year | **6a(2)** | 2592 |
| **b** | Retired or separated participants receiving benefits | **6b** | 6 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 99 |
| **d** | Subtotal. Add lines **6a(2)**, **6b**, and **6c** | **6d** | 2697 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. | **6e** | 0 |
| **f** | Total. Add lines **6d** and **6e**. | **6f** | 2697 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 634 |
| **h** | Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 41 |
| **7** | Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | |

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
2F 2G 2J 2K 2T 3D 3H

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

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

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

**a Pension Schedules**

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

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

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

**b General Schedules**

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

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

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

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

**(5)** [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 C (Form 5500) | Service Provider Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br>▶ **File as an attachment to Form 5500.** | **2018**<br>**This Form is Open to Public Inspection.** |

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

**A** Name of plan
KSL ASSOCIATE GROUP 401(K) PLAN

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

**C** Plan sponsor's name as shown on line 2a of Form 5500
KSL ASSOCIATE GROUP, INC.

**D** Employer Identification Number (EIN)
33-0894084

## 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

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

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

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

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

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 37 60 64 65 | RECORDKEEPER | 57727 | Yes [X] No [ ] | Yes [X] No [ ] | 0 | Yes [X] No [ ] |

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

KESTRA INVESTMENT SERVICES LLC

35-2552359

| (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 61 | ADVISOR | 14018 | Yes [X] No [ ] | Yes [X] No [ ] | 0 | Yes [X] No [ ] |

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

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

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

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

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

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

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

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

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

## Part I Service Provider Information (continued)

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

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| FED MID CAP INDEX SS - STATE STREE<br>04-0025081 | 0.05% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| INVS COMSTOCK A - INVESCO INVESTME 11 GREENWAY PLAZA, SUITE 100 HOUSTON, TX 77046 | 0.35% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| INVS COMSTOCK Y - INVESCO INVESTME 11 GREENWAY PLAZA, SUITE 100 HOUSTON, TX 77046 | 0.25% |

## 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 |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| INVS DEVELOP MKTS A - INVESCO CANA<br>5140 YONGE STREET, SUITE 900<br>TORONTO, ON M2N 6 CA | 0.35% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| J H TRITON S - JANUS SERVICES LLC<br><br>43-1804048 | 0.25% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| JPM EQUITY IDX A - DST ASSET MANAG<br>PO BOX 219432<br>KANSAS CITY, MO 64121 | 0.05% |

## 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 |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| JPM US SMALL CO A - DST ASSET MANA<br>PO BOX 219432<br>KANSAS CITY, MO 64121 | 0.25% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| LD ABBETT TOT RTN A - DST SYSTEMS<br>43-1581814 | 0.25% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| MFS INTL DIVRSN R3 - MFS SERVICE C<br>04-2865649 | 0.25% |

## 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 |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| PIF BOND MKT IDX R3 - PRINCIPAL SH<br>711 HIGH STREET<br>DES MOINES, IA 50392 | 0.30% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| PIF INTL EQ IDX R3 - PRINCIPAL SHA<br>711 HIGH STREET<br>DES MOINES, IA 50392 | 0.30% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| PIONEER FDMTL GRTH Y - DST ASSET M<br>PO BOX 219432<br>KANSAS CITY, MO 64121 | 0.35% |

## 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 |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| PIONEER FNDML GRTH R - DST ASSET M<br>PO BOX 219432<br>KANSAS CITY, MO 64121 | 0.25% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| TRP RETIRE 2005 R - T. ROWE PRICE<br><br>52-2269240 | 0.40% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| TRP RETIRE 2010 R - T. ROWE PRICE<br><br>52-2269240 | 0.40% |

## 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 |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| TRP RETIRE 2015 R - T. ROWE PRICE<br><br>52-2269240 | 0.40% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| TRP RETIRE 2020 R - T. ROWE PRICE<br><br>52-2269240 | 0.40% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| TRP RETIRE 2025 R - T. ROWE PRICE<br><br>52-2269240 | 0.40% |

## 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 |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| TRP RETIRE 2030 R - T. ROWE PRICE<br><br>52-2269240 | 0.40% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| TRP RETIRE 2035 R - T. ROWE PRICE<br><br>52-2269240 | 0.40% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| TRP RETIRE 2040 R - T. ROWE PRICE<br><br>52-2269240 | 0.40% |

## 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 |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| TRP RETIRE 2045 R - T. ROWE PRICE<br><br>52-2269240 | 0.40% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| TRP RETIRE 2050 R - T. ROWE PRICE<br><br>52-2269240 | 0.40% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| TRP RETIRE 2055 R - T. ROWE PRICE<br><br>52-2269240 | 0.40% |

## 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 |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| VICTORY S SM CO OP A - FIS INVESTO<br>4249 EASTON WAY, SUITE 400<br>COLUMBUS, OH 43219 | 0.25% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(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. |
|---|---|
| VICTORY S SM CO OP I - FIS INVESTO<br>4249 EASTON WAY, SUITE 400<br>COLUMBUS, OH 43219 | 0.10% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| KESTRA INVESTMENT SERVICES LLC | 61 | 0 |

| **(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. |
|---|---|
| JPM US SMALL CO A - JPMORGAN DISTR<br><br>13-2624428 | $0-<$4M=1.00%, $4M-<$10M=0.75%, $10M-<$50M=0.50%, $50M+=0.25% |

## 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
KSL ASSOCIATE GROUP 401(K) PLAN

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

**C** Plan or DFE sponsor's name as shown on line 2a of Form 5500
KSL ASSOCIATE GROUP, INC.

**D** Employer Identification Number (EIN)
33-0894084

**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: | FLEXPATH CON 2025 I1 | | |
| **b** Name of sponsor of entity listed in (a): | WILMINGTON TRUST FIDUCIARY SERVICES | | |
| **c** EIN-PN 47-2458234-215 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) | 4676 |
| **a** Name of MTIA, CCT, PSA, or 103-12 IE: | FLEXPATH AGR 2055 I1 | | |
| **b** Name of sponsor of entity listed in (a): | WILMINGTON TRUST FIDUCIARY SERVICES | | |
| **c** EIN-PN 47-2554270-222 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) | 3664 |
| **a** Name of MTIA, CCT, PSA, or 103-12 IE: | FLEXPATH MOD 2035 I1 | | |
| **b** Name of sponsor of entity listed in (a): | WILMINGTON TRUST FIDUCIARY SERVICES | | |
| **c** EIN-PN 47-2478524-217 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) | 903465 |
| **a** Name of MTIA, CCT, PSA, or 103-12 IE: | FLEXPATH MOD 2045 I1 | | |
| **b** Name of sponsor of entity listed in (a): | WILMINGTON TRUST FIDUCIARY SERVICES | | |
| **c** EIN-PN 47-2516187-220 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) | 730252 |
| **a** Name of MTIA, CCT, PSA, or 103-12 IE: | BLKRK EQUITY INDEX | | |
| **b** Name of sponsor of entity listed in (a): | WILMINGTON TRUST | | |
| **c** EIN-PN 20-3802168-001 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) | 772956 |
| **a** Name of MTIA, CCT, PSA, or 103-12 IE: | FLEXPATH MOD 2055 I1 | | |
| **b** Name of sponsor of entity listed in (a): | WILMINGTON TRUST FIDUCIARY SERVICES | | |
| **c** EIN-PN 47-2563528-223 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) | 287371 |
| **a** Name of MTIA, CCT, PSA, or 103-12 IE: | FLEXPATH MOD 2025 I1 | | |
| **b** Name of sponsor of entity listed in (a): | WILMINGTON TRUST FIDUCIARY SERVICES | | |
| **c** EIN-PN 47-2285799-214 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) | 1754085 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: FLEXPATH CON 2055 I1

**b** Name of sponsor of entity listed in (a): WILMINGTON TRUST FIDUCIARY SERVICES

| **c** EIN-PN 47-2575758-224 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1877 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: FLEXPATH MOD RET I1

**b** Name of sponsor of entity listed in (a): WILMINGTON TRUST FIDUCIARY SERVICES

| **c** EIN-PN 47-2248665-211 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1608287 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: FLEXPATH CON 2035 I1

**b** Name of sponsor of entity listed in (a): WILMINGTON TRUST FIDUCIARY SERVICES

| **c** EIN-PN 47-2491300-218 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 6423 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: FLEXPATH CON 2045 I1

**b** Name of sponsor of entity listed in (a): WILMINGTON TRUST FIDUCIARY SERVICES

| **c** EIN-PN 47-2529162-221 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 232 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: BR EAFE EQUITY INDEX

**b** Name of sponsor of entity listed in (a): WILMINGTON TRUST

| **c** EIN-PN 20-3802495-007 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 181913 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: FLEXPATH AGR 2045 I1

**b** Name of sponsor of entity listed in (a): WILMINGTON TRUST FIDUCIARY SERVICES

| **c** EIN-PN 47-2503540-219 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 22395 |
|---|---|---|

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

**b** Name of sponsor of entity listed in (a): FIDELITY MANAGEMENT TRUST COMPANY

| **c** EIN-PN 04-3022712-026 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 531344 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: FLEXPATH AGR 2025 I1

**b** Name of sponsor of entity listed in (a): WILMINGTON TRUST FIDUCIARY SERVICES

| **c** EIN-PN 47-2275031-213 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 136733 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: FLEXPATH AGR 2035 I1

**b** Name of sponsor of entity listed in (a): WILMINGTON TRUST FIDUCIARY SERVICES

| **c** EIN-PN 47-2468898-216 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 17157 |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (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) |
|---|---|---|

## 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
KSL ASSOCIATE GROUP 401(K) PLAN

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

**C** Plan sponsor's name as shown on line 2a of Form 5500
KSL ASSOCIATE GROUP, INC.

**D** Employer Identification Number (EIN)
33-0894084

## Part I Asset and Liability Statement

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

| Assets | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | 1a | 0 | 0 |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | 0 | 0 |
| **(2)** Participant contributions | 1b(2) | 0 | 0 |
| **(3)** Other | 1b(3) | 0 | 0 |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | 114640 | 28 |
| **(2)** U.S. Government securities | 1c(2) | 0 | 0 |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | 1c(3)(A) | 0 | 0 |
| **(B)** All other | 1c(3)(B) | 0 | 0 |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | 1c(4)(A) | 0 | 0 |
| **(B)** Common | 1c(4)(B) | 0 | 0 |
| **(5)** Partnership/joint venture interests | 1c(5) | 0 | 0 |
| **(6)** Real estate (other than employer real property) | 1c(6) | 0 | 0 |
| **(7)** Loans (other than to participants) | 1c(7) | 0 | 0 |
| **(8)** Participant loans | 1c(8) | 304980 | 302888 |
| **(9)** Value of interest in common/collective trusts | 1c(9) | 402183 | 6962830 |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | 0 | 0 |
| **(11)** Value of interest in master trust investment accounts | 1c(11) | 0 | 0 |
| **(12)** Value of interest in 103-12 investment entities | 1c(12) | 0 | 0 |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | 1c(13) | 8552771 | 2397706 |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | 0 | 0 |

| | | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|---|
| **1d** | Employer-related investments: | | | |
| | **(1)** Employer securities | 1d(1) | 0 | 0 |
| | **(2)** Employer real property | 1d(2) | 0 | 0 |
| **e** | Buildings and other property used in plan operation | 1e | 0 | 0 |
| **f** | Total assets (add all amounts in lines 1a through 1e) | 1f | 9374574 | 9663452 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | 0 | 0 |
| **h** | Operating payables | 1h | 0 | 0 |
| **i** | Acquisition indebtedness | 1i | 0 | 0 |
| **j** | Other liabilities | 1j | 0 | 0 |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | 0 | 0 |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 9374574 | 9663452 |

## 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) | 191286 | |
| | **(B)** Participants | 2a(1)(B) | 1439939 | |
| | **(C)** Others (including rollovers) | 2a(1)(C) | 174362 | |
| | **(2)** Noncash contributions | 2a(2) | 0 | |
| | **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 1805587 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | 144 | |
| | **(B)** U.S. Government securities | 2b(1)(B) | 0 | |
| | **(C)** Corporate debt instruments | 2b(1)(C) | 0 | |
| | **(D)** Loans (other than to participants) | 2b(1)(D) | 0 | |
| | **(E)** Participant loans | 2b(1)(E) | 12449 | |
| | **(F)** Other | 2b(1)(F) | 0 | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 12593 |
| | **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | 0 | |
| | **(B)** Common stock | 2b(2)(B) | 0 | |
| | **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | 117168 | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 117168 |
| | **(3)** Rents | 2b(3) | | 0 |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | 0 | |
| | **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | 0 | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | 0 |
| | **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | 2b(5)(A) | 0 | |
| | **(B)** Other | 2b(5)(B) | 0 | |
| | **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | 0 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| (6) Net investment gain (loss) from common/collective trusts | 2b(6) | | -319917 |
| (7) Net investment gain (loss) from pooled separate accounts | 2b(7) | | 0 |
| (8) Net investment gain (loss) from master trust investment accounts | 2b(8) | | 0 |
| (9) Net investment gain (loss) from 103-12 investment entities | 2b(9) | | 0 |
| (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | -295615 |
| c Other income | 2c | | 0 |
| d Total income. Add all **income** amounts in column (b) and enter total | 2d | | 1319816 |
| **Expenses** | | | |
| e Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 916963 | |
| (2) To insurance carriers for the provision of benefits | 2e(2) | 0 | |
| (3) Other | 2e(3) | 0 | |
| (4) Total benefit payments. Add lines **2e(1)** through **(3)** | 2e(4) | | 916963 |
| f Corrective distributions (see instructions) | 2f | | 42229 |
| g Certain deemed distributions of participant loans (see instructions) | 2g | | 0 |
| h Interest expense | 2h | | 0 |
| i Administrative expenses: (1) Professional fees | 2i(1) | 0 | |
| (2) Contract administrator fees | 2i(2) | 0 | |
| (3) Investment advisory and management fees | 2i(3) | 0 | |
| (4) Other | 2i(4) | 71746 | |
| (5) Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 71746 |
| j Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 1030938 |
| **Net Income and Reconciliation** | | | |
| k Net income (loss). Subtract line **2j** from line **2d** | 2k | | 288878 |
| l Transfers of assets: | | | |
| (1) To this plan | 2l(1) | | 0 |
| (2) From this plan | 2l(2) | | |

## Part III Accountant's Opinion

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

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

**(1)** [ ] Unqualified **(2)** [ ] Qualified **(3)** [X] Disclaimer **(4)** [ ] Adverse

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

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

**(1)** Name: KSJG **(2)** EIN: 95-3322166

**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 | | 127946 |
| **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 | | 5000000 |
| f | Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | |
| g | Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | | X | |
| h | Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | |
| i | Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | X | | |
| j | Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) | 4j | | X | |
| k | Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | |
| l | Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| m | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | X | |
| n | If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. | 4n | | 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
KSL ASSOCIATE GROUP 401(K) PLAN

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

**C** Plan sponsor's name as shown on line 2a of Form 5500
KSL ASSOCIATE GROUP, INC.

**D** Employer Identification Number (EIN)
33-0894084

## Part I Distributions

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

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

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

EIN(s): 04-6568107

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

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

## Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)

**4** Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**If the plan is a defined benefit plan, go to line 8.**

**5** If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

**If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.**

**6 a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) ..... **6a**

**b** Enter the amount contributed by the employer to the plan for this plan year ..... **6b**

**c** Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) ..... **6c**

**If you completed line 6c, skip lines 8 and 9.**

**7** Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**8** If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

## Part III Amendments

**9** If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

## Part IV ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

**10** Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

**11 a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

**b** If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

**12** Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

## Part V Additional Information for Multiemployer Defined Benefit Pension Plans

**13** Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

**14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

| | | |
|---|---|---|
| **a** The current year | **14a** | |
| **b** The plan year immediately preceding the current plan year | **14b** | |
| **c** The second preceding plan year | **14c** | |

**15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

| | | |
|---|---|---|
| **a** The corresponding number for the plan year immediately preceding the current plan year | **15a** | |
| **b** The corresponding number for the second preceding plan year | **15b** | |

**16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

| | | |
|---|---|---|
| **a** Enter the number of employers who withdrew during the preceding plan year | **16a** | |
| **b** If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers | **16b** | |

**17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

## Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

**18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

**19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

**a** Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

**b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

**c** What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

ACCOUNTING + CONSULTING

# KSL ASSOCIATE GROUP
# 401(k) PLAN

**Financial Statements**
**and**
**Supplementary Information**
**Years Ended December 31, 2018 and 2017**
**(With Independent Auditor's Report Thereon)**

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ACCOUNTING + CONSULTING

# INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator and Participants of
KSL Associate Group 401(k) Plan

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of KSL Associate Group 401(k) Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statements of changes in net assets available for benefits for the years ended December 31, 2018 and 2017, and the related notes to the financial statements.

## *Management's Responsibility for the Financial Statements*

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

## *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis 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 administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Fidelity Management Trust Company, Inc., the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2018 and 2017, 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 schedules 1 and 2 as of and for the year ended December 31, 2018 are required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

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

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

KSJG, LLP

October 14, 2018

**KSJG, LLP**
100 Spectrum Center Drive, Suite 1000, Irvine, California 92618

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Statements of Net Assets Available for Benefits**
**December 31, 2018 and 2017**

## ASSETS

| | 2018 | 2016 |
|---|---|---|
| Investments, at fair value (Note 3): | | |
| Registered investment companies | $ 2,397,706 | $ 8,552,771 |
| Common/collective trusts | 6,962,830 | 402,183 |
| Interest-bearing cash | 28 | 114,640 |
| Total investments at fair value | 9,360,564 | 9,069,594 |
| Notes receivable from participants | 302,888 | 304,980 |
| Total assets | 9,663,452 | 9,374,574 |

## LIABILITIES

| | | |
|---|---|---|
| Corrective distributions payable | 31,990 | 37,974 |
| Net assets available for benefits | $ 9,631,462 | $ 9,336,600 |

See accompanying notes to financial statements

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Statements of Changes in Net Assets**
**Available for Benefits**
**Years Ended December 31, 2018 and 2017**

| | 2018 | 2017 |
|---|---|---|
| Additions to net assets attributed to: | | |
| Investment (loss) income: | | |
| Gain from interest-bearing cash | $ 144 | $ 273 |
| Interest and dividend income | 117,168 | 344,499 |
| Net (depreciation) appreciation in common/collective trusts | (319,917) | 2,802 |
| Net (depreciation) appreciation in registered investment companies | (295,615) | 873,684 |
| Total investment (loss) income | (498,220) | 1,221,258 |
| Interest income on notes receivable from participants | 12,449 | 10,939 |
| Contributions: | | |
| Employer contributions | 191,286 | 194,148 |
| Participants' contributions | 1,439,939 | 1,112,621 |
| Rollovers | 174,362 | 270,597 |
| Total contributions | 1,805,587 | 1,577,366 |
| Total additions | 1,319,816 | 2,809,563 |
| Deductions to net assets attributed to: | | |
| Benefits paid to participants | 916,963 | 991,050 |
| Corrective distributions | 36,245 | 27,229 |
| Deemed distributions | -- | 3,353 |
| Administrative expenses | 71,746 | 33,610 |
| Total deductions | 1,024,954 | 1,055,242 |
| Net increase in assets | 294,862 | 1,754,321 |
| Transfers into the Plan | -- | 983,994 |
| Net assets available for benefits | | |
| Beginning of year | 9,336,600 | 6,598,285 |
| End of year | $ 9,631,462 | $ 9,336,600 |

See accompanying notes to financial statements

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**December 31, 2018 and 2017**

## NOTE 1 - DESCRIPTION OF PLAN

The following description of the KSL Associate Group 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for more detailed information of the Plan's provisions.

**General -** The Plan is a defined contribution plan. The Plan was established on January 1, 1998. The Plan covers all employees of KC Greens, LLC, KRC Escondido Limited Partnership, First Colonial, LP, KRC Melbourne Limited Partnership, KRC Santa Margarita, LLC, KRC Greensboro LP, KRC Woods LP, KRC Los Altos, LP, KRC San Rafael, KRC Anaheim LP, KRC Orange LP, KRC Fresno II, LP, KSL Associate Group, KSL Corona Limited Partnership, KSL Texas Communities SA, LLC, KSL Ilima at Leihano, LLC, and Retirement Home Care, Inc. (the Companies) who are 21 years old and have 1 year of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

In January 2017, the La Posada Associate Group 401(k) Plan merged with the Plan. As a result of the merger, $983,994 of assets were transferred into the Plan, representing the accounts of the employees of La Posada Associate Group, LLC.

**Contributions -** Participants' contributions are made to the Plan by means of salary deferral by which the participant is entitled to defer their compensation up to an amount determined annually by the Internal Revenue Service. The Company matches participant contributions 25% on the first 6% of eligible compensation. Matching contributions of $191,286 and $194,148 were made to the Plan for the years ended December 31, 2018 and 2017, respectively.

**Participant Accounts -** Each participant's account is credited with the participant's contribution, the Companies' matching contribution, and an allocation of Plan earnings. Allocations of plan earnings are based on participant balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested interest in their account.

**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 percent of their vested account balance. Loan transactions are treated as a transfer to (from) the investment fund from (to) the Loans to Participants fund. Loans must be repaid within five years, except in limited circumstances, such as the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined quarterly by the Plan administrator.

**Vesting -** Participants are immediately vested in their deferral and rollover contributions plus actual earnings thereon. Vesting in the Companies' matching and discretionary contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. A participant is 100% vested after five years of credited service.

(Note 1 continued on the following page)

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 1 - DESCRIPTION OF PLAN (Continued)

**Payment of Benefits -** Upon reaching the retirement age of 65 or upon termination of service, a participant may receive a lump-sum payment equal to the vested value of his or her account.

**Forfeitures -** At December 31, 2018 and 2017 forfeited non-vested accounts totaled $53,566 and $76,682, respectively. These amounts will be used to reduce future Plan administrative expenses or future employer contributions. Forfeitures of $3,000 and 3,526 were used to reduce administrative expenses during 2018 and 2017, respectively. Forfeitures of $38,307 and none were used to reduce employer contributions during 2018 and 2017.

**Administrative Expenses -** Effective January 1, 2010, certain administrative expenses are paid from Plan earnings and are charged against each participant's account. Administrative expenses paid for by the plan amounted to $71,746 and $33,610 for the plan years ended December 31, 2018 and 2017, respectively.

**Investments -** Each participant directs the allocation of his or her contribution, and employer matching and discretionary profit-sharing contributions to one or more of 26 investment options. Purchases and sales of securities are recorded on a trade date basis.

**Risks and Uncertainties -** The Plan provides for various investment options in any combination of investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investments securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statements of Changes in Net Assets Available for Benefits.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting -** The financial statements of the Plan are prepared under the accrual method of accounting.

**Basis of Presentation -** The financial statements have been prepared in compliance with the Department of Labor Rules and Regulations for reporting and disclosure under ERISA.

(Note 2 continued on the following page)

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Investment Valuation and Income Recognition -** Investments are measured at quoted prices in an active market and have been certified complete and accurate by Fidelity Management Trust Company, Inc., the Plan's trustee (Note 4). 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. See Note 3 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 (depreciation) appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

**Use of Estimates -** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Notes Receivable from Participants** - Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document.

**Subsequent Events -** The Plan evaluated subsequent events through October 14, 2019, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 3 - FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described 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:<br>• quoted prices for similar assets or liabilities in active markets;<br>• quoted prices for identical or similar assets or liabilities in inactive markets;<br>• inputs other than quoted prices that are observable for the asset or liability;<br>• inputs that are derived principally from or corroborated by observable market data by correlation or other means.<br><br>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. |

(Note 3 continued on the following page)

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

The asset 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.

*Interest-bearing cash*: Valued at market value of corresponding currency at year end.

*Registered investment companies (Mutual funds)*: Valued at the closing price reported on the active market on which the individual securities are traded. Mutual funds held by the Plan are open-end mutual funds that are registered 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.

Following is a description of the valuation methodologies used for assets measured using Net Asset Value (NAV) as the practical expedient to estimate fair value:

*Common/collective trusts*: Common/collective trusts (CCT) are valued at NAV which is based on the fair value of the underlying investments of the CCT, less any liabilities. CCT are composed of a stable value fund that is composed primarily of fully benefit-responsive investment contracts that is valued at the net asset value of units of the bank collective trust. The net asset value is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported net asset value. Participant transactions (purchases and sales) may occur daily. If the Plan initiates a full redemption of the collective trust, the issuer reserves the right to require 12 months' notification in order to ensure that securities liquidations will be carried out in an orderly business manner.

The preceding methods 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.

(Note 3 continued on the following page)

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

**NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2018 and 2017:

| | ***Assets at Fair Value as of December 31, 2018*** | | | |
|---|---|---|---|---|
| | *Level 1* | *Level 2* | *Level 3* | *Total* |
| Registered investment companies | $ 2,397,706 | $ -- | $ -- | $ 2,397,706 |
| Interest-bearing cash | 28 | -- | -- | 28 |
| Total assets in the fair value heirarchy | 2,397,734 | -- | -- | 2,397,734 |
| Investments measured at net asset value (a) | -- | -- | -- | 6,962,830 |
| Total assets at fair value | $ 2,397,734 | $ -- | $ -- | $ 9,360,564 |

| | ***Assets at Fair Value as of December 31, 2017*** | | | |
|---|---|---|---|---|
| | *Level 1* | *Level 2* | *Level 3* | *Total* |
| Registered investment companies | $ 8,552,771 | $ -- | $ -- | $ 8,552,771 |
| Interest-bearing cash | 114,640 | -- | -- | 114,640 |
| Total assets in the fair value heirarchy | 8,667,411 | -- | -- | 8,667,411 |
| Investments measured at net asset value (a) | -- | -- | -- | 402,183 |
| Total assets at fair value | $ 8,667,411 | $ -- | $ -- | $ 9,069,594 |

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net assets available for benefits.

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 4 - INFORMATION CERTIFIED BY THE PLAN'S TRUSTEE

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Fidelity Management Trust Company, Inc., the trustee of the Plan, has certified to the completeness and accuracy of:

- Investments and notes receivable from participants reflected on the accompanying Statements of Net Assets Available for Benefits as of December 31, 2018 and 2017.

- Net (depreciation) appreciation in fair value of investments, interest and dividends reflected on the accompanying Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2018 and 2017.

## NOTE 5 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Companies have the right to discontinue contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, so that each participant receives 100% of his or her account balance as of the date of termination.

## NOTE 6 - TAX STATUS

The Company is using a Volume Submitter Plan provided by Fidelity Management Trust Company, Inc. which received a favorable opinion letter on March 31, 2014. The plan has been amended since receiving the opinion letter. However, the plan administrator and the plan's tax counsel believe that the plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2018, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) 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. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2015.

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 7 - PARTY-IN-INTEREST TRANSACTIONS

The Company, which qualifies as a party-in-interest, absorbs certain administrative expenses of the Plan. Such transactions qualify for a statutory exemption. Additionally, notes receivable from participants are considered exempt party-in-interest transactions.

Certain Plan investments are managed by Fidelity Management Trust Company, the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions for which a statutory exemption exists.

## NOTE 8 - PROHIBITED TRANSACTIONS

During the year ended December 31, 2018 and 2017, the Company failed to remit to the Plan's trustee certain employee contributions and loan repayments totaling none and $127,926, respectively, within the period prescribed by Department of Labor regulations. The Company is in the process of rectifying the matter by paying lost earnings on the employee contributions that were remitted late.

## NOTE 9 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The Form 5500 was prepared on the cash basis of accounting for the years ended December 31, 2018 and 2017. The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500.

| | 2018 | 2017 |
|---|---|---|
| Net assets available for benefits per the financial statements | $ 9,631,462 | $ 9,336,600 |
| Add: corrective distributions payable | 31,990 | 37,974 |
| Net assets available for benefits per the Form 5500 | $ 9,663,452 | $ 9,374,574 |

(Note 9 continued on the following page)

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 9 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (Continued)

The following is a reconciliation of the net increase in net assets available for benefits per the financial statements to the Form 5500 for the years ended December 31, 2018 and 2017:

| | 2018 | 2017 |
|---|---|---|
| Net increase in net assets available for benefits per the financial statements | $ 294,862 | $ 1,754,321 |
| Less: prior year corrective distributions | (37,974) | (22,840) |
| Add: current year corrective distributions | 31,990 | 37,974 |
| Add: prior year contributions receivable | -- | 32,059 |
| Net increase in net assets available for benefits per the Form 5500 | $ 288,878 | $ 1,801,514 |

**KSL ASSOCIATE GROUP 401(k) PLAN**

**Supplementary Information**
**December 31, 2018**

Schedule H, line 4i – Schedule of Assets (Held at End of Year)
EIN #33-0894084
PN #001

| | (a) | (b) | ( c ) | (d) | (e) |
|---|---|---|---|---|---|
| | | **Identity of issue, borrower, lessor, or similar party** | **Description of investment including maturity date, rate of interest, collateral, par or maturity value** | **Cost** | **Current Value** |
| | | BlackRock | EAFE Equity Index Fund | N/A | $ 181,913 |
| | | BlackRock | Equity Index Fund | N/A | 772,956 |
| | | Cohen & Steers | Real Estate Fund | N/A | 91,958 |
| * | | Fidelity | Stable Value Fund | N/A | 531,345 |
| * | | Fidelity | Government Money Market Fund | N/A | 28 |
| * | | Fidelity | Mid Cap Index Fund | N/A | 446,882 |
| | | FlexPath | Moderate Retirement Fund | N/A | 1,608,287 |
| | | FlexPath | Agressive 2025 Fund | N/A | 136,733 |
| | | FlexPath | Moderate 2025 Fund | N/A | 1,754,085 |
| | | FlexPath | Conservative 2025 Fund | N/A | 4,676 |
| | | FlexPath | Agressive 2035 Fund | N/A | 17,156 |
| | | FlexPath | Moderate 2035 Fund | N/A | 903,465 |
| | | FlexPath | Conservative 2035 Fund | N/A | 6,423 |
| | | FlexPath | Agressive 2045 Fund | N/A | 22,395 |
| | | FlexPath | Moderate 2045 Fund | N/A | 730,252 |
| | | FlexPath | Conservative 2045 Fund | N/A | 232 |
| | | FlexPath | Agressive 2055 Fund | N/A | 3,664 |
| | | FlexPath | Moderate 2055 Fund | N/A | 287,371 |
| | | FlexPath | Conservative 2055 Fund | N/A | 1,877 |
| | | Invesco | Comstock Fund | N/A | 224,263 |
| | | Janus Henderson | Triton Fund | N/A | 199,426 |
| | | JP Morgan | US Small Company Fund | N/A | 112,625 |
| | | Lord Abbett | Core Bond Fund | N/A | 405,051 |
| | | Pioneer | Fundamental Growth Fund | N/A | 392,073 |
| | | Victory Sycamore | Small Company Opportunity Fund | N/A | 231,857 |
| | | Wilmington Trust | Foreign International Stock Fund | N/A | 293,571 |
| | | Total investments | | | 9,360,564 |
| * | | Notes receivable from participants | Interest rates ranging from 4.25% - 4.50% with maturity dates through September 2027 | -- | 302,888 |
| | | Total assets held for investment purposes at end of year | | | $ 9,663,452 |

* - Party-in-interest as defined by ERISA for which a statutory exemption exists.
N/A - Cost information is not required for participant-directed investments and therefore is not included.

**KSL ASSOCIATE GROUP 401(k) PLAN**

**Supplementary Information**
**December 31, 2018**

Schedule H Line 4a – Schedule of Delinquent Participant Contributions
EIN #33-0894084
PN #001

| Participant Contributions Transferred Late to Plan | Total that Constitute Nonexempt Prohibited Transactions | | | |
|---|---|---|---|---|
| **Check Here if Late Participant Loan Repayments are included: ☑** | **Contributions Not Corrected** | **Contributions Corrected Outside VFCP** | **Contributions Pending Correction in VFCP** | **Total Fully Corrected Under VFCP and PTE 2002-5** |
| Year Ended December 31, 2017 | $ 127,946 | $ -- | $ -- | $ -- |

ACCOUNTING + CONSULTING

# KSL ASSOCIATE GROUP
# 401(k) PLAN

**Financial Statements**
**and**
**Supplementary Information**
**Years Ended December 31, 2018 and 2017**
**(With Independent Auditor's Report Thereon)**

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ACCOUNTING + CONSULTING

# INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator and Participants of
KSL Associate Group 401(k) Plan

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of KSL Associate Group 401(k) Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statements of changes in net assets available for benefits for the years ended December 31, 2018 and 2017, and the related notes to the financial statements.

## *Management's Responsibility for the Financial Statements*

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

## *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis 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 administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Fidelity Management Trust Company, Inc., the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2018 and 2017, 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 schedules 1 and 2 as of and for the year ended December 31, 2018 are required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

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

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

KSJG, LLP

October 14, 2018

**KSJG, LLP**
100 Spectrum Center Drive, Suite 1000, Irvine, California 92618

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Statements of Net Assets Available for Benefits**
**December 31, 2018 and 2017**

## ASSETS

| | 2018 | 2016 |
|---|---|---|
| Investments, at fair value (Note 3): | | |
| Registered investment companies | $ 2,397,706 | $ 8,552,771 |
| Common/collective trusts | 6,962,830 | 402,183 |
| Interest-bearing cash | 28 | 114,640 |
| Total investments at fair value | 9,360,564 | 9,069,594 |
| Notes receivable from participants | 302,888 | 304,980 |
| Total assets | 9,663,452 | 9,374,574 |

## LIABILITIES

| | | |
|---|---|---|
| Corrective distributions payable | 31,990 | 37,974 |
| Net assets available for benefits | $ 9,631,462 | $ 9,336,600 |

See accompanying notes to financial statements

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Statements of Changes in Net Assets**
**Available for Benefits**
**Years Ended December 31, 2018 and 2017**

| | 2018 | 2017 |
|---|---|---|
| Additions to net assets attributed to: | | |
| Investment (loss) income: | | |
| Gain from interest-bearing cash | $ 144 | $ 273 |
| Interest and dividend income | 117,168 | 344,499 |
| Net (depreciation) appreciation in common/collective trusts | (319,917) | 2,802 |
| Net (depreciation) appreciation in registered investment companies | (295,615) | 873,684 |
| Total investment (loss) income | (498,220) | 1,221,258 |
| Interest income on notes receivable from participants | 12,449 | 10,939 |
| Contributions: | | |
| Employer contributions | 191,286 | 194,148 |
| Participants' contributions | 1,439,939 | 1,112,621 |
| Rollovers | 174,362 | 270,597 |
| Total contributions | 1,805,587 | 1,577,366 |
| Total additions | 1,319,816 | 2,809,563 |
| Deductions to net assets attributed to: | | |
| Benefits paid to participants | 916,963 | 991,050 |
| Corrective distributions | 36,245 | 27,229 |
| Deemed distributions | -- | 3,353 |
| Administrative expenses | 71,746 | 33,610 |
| Total deductions | 1,024,954 | 1,055,242 |
| Net increase in assets | 294,862 | 1,754,321 |
| Transfers into the Plan | -- | 983,994 |
| Net assets available for benefits | | |
| Beginning of year | 9,336,600 | 6,598,285 |
| End of year | $ 9,631,462 | $ 9,336,600 |

See accompanying notes to financial statements

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**December 31, 2018 and 2017**

## NOTE 1 - DESCRIPTION OF PLAN

The following description of the KSL Associate Group 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for more detailed information of the Plan's provisions.

**General -** The Plan is a defined contribution plan. The Plan was established on January 1, 1998. The Plan covers all employees of KC Greens, LLC, KRC Escondido Limited Partnership, First Colonial, LP, KRC Melbourne Limited Partnership, KRC Santa Margarita, LLC, KRC Greensboro LP, KRC Woods LP, KRC Los Altos, LP, KRC San Rafael, KRC Anaheim LP, KRC Orange LP, KRC Fresno II, LP, KSL Associate Group, KSL Corona Limited Partnership, KSL Texas Communities SA, LLC, KSL Ilima at Leihano, LLC, and Retirement Home Care, Inc. (the Companies) who are 21 years old and have 1 year of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

In January 2017, the La Posada Associate Group 401(k) Plan merged with the Plan. As a result of the merger, $983,994 of assets were transferred into the Plan, representing the accounts of the employees of La Posada Associate Group, LLC.

**Contributions -** Participants' contributions are made to the Plan by means of salary deferral by which the participant is entitled to defer their compensation up to an amount determined annually by the Internal Revenue Service. The Company matches participant contributions 25% on the first 6% of eligible compensation. Matching contributions of $191,286 and $194,148 were made to the Plan for the years ended December 31, 2018 and 2017, respectively.

**Participant Accounts -** Each participant's account is credited with the participant's contribution, the Companies' matching contribution, and an allocation of Plan earnings. Allocations of plan earnings are based on participant balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested interest in their account.

**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 percent of their vested account balance. Loan transactions are treated as a transfer to (from) the investment fund from (to) the Loans to Participants fund. Loans must be repaid within five years, except in limited circumstances, such as the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined quarterly by the Plan administrator.

**Vesting -** Participants are immediately vested in their deferral and rollover contributions plus actual earnings thereon. Vesting in the Companies' matching and discretionary contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. A participant is 100% vested after five years of credited service.

(Note 1 continued on the following page)

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 1 - DESCRIPTION OF PLAN (Continued)

**Payment of Benefits -** Upon reaching the retirement age of 65 or upon termination of service, a participant may receive a lump-sum payment equal to the vested value of his or her account.

**Forfeitures -** At December 31, 2018 and 2017 forfeited non-vested accounts totaled $53,566 and $76,682, respectively. These amounts will be used to reduce future Plan administrative expenses or future employer contributions. Forfeitures of $3,000 and 3,526 were used to reduce administrative expenses during 2018 and 2017, respectively. Forfeitures of $38,307 and none were used to reduce employer contributions during 2018 and 2017.

**Administrative Expenses -** Effective January 1, 2010, certain administrative expenses are paid from Plan earnings and are charged against each participant's account. Administrative expenses paid for by the plan amounted to $71,746 and $33,610 for the plan years ended December 31, 2018 and 2017, respectively.

**Investments -** Each participant directs the allocation of his or her contribution, and employer matching and discretionary profit-sharing contributions to one or more of 26 investment options. Purchases and sales of securities are recorded on a trade date basis.

**Risks and Uncertainties -** The Plan provides for various investment options in any combination of investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investments securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statements of Changes in Net Assets Available for Benefits.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting -** The financial statements of the Plan are prepared under the accrual method of accounting.

**Basis of Presentation -** The financial statements have been prepared in compliance with the Department of Labor Rules and Regulations for reporting and disclosure under ERISA.

(Note 2 continued on the following page)

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Investment Valuation and Income Recognition -** Investments are measured at quoted prices in an active market and have been certified complete and accurate by Fidelity Management Trust Company, Inc., the Plan's trustee (Note 4). 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. See Note 3 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 (depreciation) appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

**Use of Estimates -** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Notes Receivable from Participants** - Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document.

**Subsequent Events -** The Plan evaluated subsequent events through October 14, 2019, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 3 - FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described 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:<br>• quoted prices for similar assets or liabilities in active markets;<br>• quoted prices for identical or similar assets or liabilities in inactive markets;<br>• inputs other than quoted prices that are observable for the asset or liability;<br>• inputs that are derived principally from or corroborated by observable market data by correlation or other means.<br><br>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. |

(Note 3 continued on the following page)

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

The asset 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.

*Interest-bearing cash*: Valued at market value of corresponding currency at year end.

*Registered investment companies (Mutual funds)*: Valued at the closing price reported on the active market on which the individual securities are traded. Mutual funds held by the Plan are open-end mutual funds that are registered 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.

Following is a description of the valuation methodologies used for assets measured using Net Asset Value (NAV) as the practical expedient to estimate fair value:

*Common/collective trusts*: Common/collective trusts (CCT) are valued at NAV which is based on the fair value of the underlying investments of the CCT, less any liabilities. CCT are composed of a stable value fund that is composed primarily of fully benefit-responsive investment contracts that is valued at the net asset value of units of the bank collective trust. The net asset value is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported net asset value. Participant transactions (purchases and sales) may occur daily. If the Plan initiates a full redemption of the collective trust, the issuer reserves the right to require 12 months' notification in order to ensure that securities liquidations will be carried out in an orderly business manner.

The preceding methods 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.

(Note 3 continued on the following page)

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

**NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2018 and 2017:

| | ***Assets at Fair Value as of December 31, 2018*** | | | |
|---|---|---|---|---|
| | *Level 1* | *Level 2* | *Level 3* | *Total* |
| Registered investment companies | $ 2,397,706 | $ -- | $ -- | $ 2,397,706 |
| Interest-bearing cash | 28 | -- | -- | 28 |
| Total assets in the fair value heirarchy | 2,397,734 | -- | -- | 2,397,734 |
| Investments measured at net asset value (a) | -- | -- | -- | 6,962,830 |
| Total assets at fair value | $ 2,397,734 | $ -- | $ -- | $ 9,360,564 |

| | ***Assets at Fair Value as of December 31, 2017*** | | | |
|---|---|---|---|---|
| | *Level 1* | *Level 2* | *Level 3* | *Total* |
| Registered investment companies | $ 8,552,771 | $ -- | $ -- | $ 8,552,771 |
| Interest-bearing cash | 114,640 | -- | -- | 114,640 |
| Total assets in the fair value heirarchy | 8,667,411 | -- | -- | 8,667,411 |
| Investments measured at net asset value (a) | -- | -- | -- | 402,183 |
| Total assets at fair value | $ 8,667,411 | $ -- | $ -- | $ 9,069,594 |

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net assets available for benefits.

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 4 - INFORMATION CERTIFIED BY THE PLAN'S TRUSTEE

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Fidelity Management Trust Company, Inc., the trustee of the Plan, has certified to the completeness and accuracy of:

- Investments and notes receivable from participants reflected on the accompanying Statements of Net Assets Available for Benefits as of December 31, 2018 and 2017.

- Net (depreciation) appreciation in fair value of investments, interest and dividends reflected on the accompanying Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2018 and 2017.

## NOTE 5 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Companies have the right to discontinue contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, so that each participant receives 100% of his or her account balance as of the date of termination.

## NOTE 6 - TAX STATUS

The Company is using a Volume Submitter Plan provided by Fidelity Management Trust Company, Inc. which received a favorable opinion letter on March 31, 2014. The plan has been amended since receiving the opinion letter. However, the plan administrator and the plan's tax counsel believe that the plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2018, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) 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. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2015.

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 7 - PARTY-IN-INTEREST TRANSACTIONS

The Company, which qualifies as a party-in-interest, absorbs certain administrative expenses of the Plan. Such transactions qualify for a statutory exemption. Additionally, notes receivable from participants are considered exempt party-in-interest transactions.

Certain Plan investments are managed by Fidelity Management Trust Company, the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions for which a statutory exemption exists.

## NOTE 8 - PROHIBITED TRANSACTIONS

During the year ended December 31, 2018 and 2017, the Company failed to remit to the Plan's trustee certain employee contributions and loan repayments totaling none and $127,926, respectively, within the period prescribed by Department of Labor regulations. The Company is in the process of rectifying the matter by paying lost earnings on the employee contributions that were remitted late.

## NOTE 9 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The Form 5500 was prepared on the cash basis of accounting for the years ended December 31, 2018 and 2017. The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500.

| | 2018 | 2017 |
|---|---|---|
| Net assets available for benefits per the financial statements | $ 9,631,462 | $ 9,336,600 |
| Add: corrective distributions payable | 31,990 | 37,974 |
| Net assets available for benefits per the Form 5500 | $ 9,663,452 | $ 9,374,574 |

(Note 9 continued on the following page)

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 9 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (Continued)

The following is a reconciliation of the net increase in net assets available for benefits per the financial statements to the Form 5500 for the years ended December 31, 2018 and 2017:

| | 2018 | 2017 |
|---|---|---|
| Net increase in net assets available for benefits per the financial statements | $ 294,862 | $ 1,754,321 |
| Less: prior year corrective distributions | (37,974) | (22,840) |
| Add: current year corrective distributions | 31,990 | 37,974 |
| Add: prior year contributions receivable | -- | 32,059 |
| Net increase in net assets available for benefits per the Form 5500 | $ 288,878 | $ 1,801,514 |

**KSL ASSOCIATE GROUP 401(k) PLAN**

**Supplementary Information**
**December 31, 2018**

Schedule H, line 4i – Schedule of Assets (Held at End of Year)
EIN #33-0894084
PN #001

| | (a) | (b) | ( c ) | (d) | (e) |
|---|---|---|---|---|---|
| | | **Identity of issue, borrower, lessor, or similar party** | **Description of investment including maturity date, rate of interest, collateral, par or maturity value** | **Cost** | **Current Value** |
| | | BlackRock | EAFE Equity Index Fund | N/A | $ 181,913 |
| | | BlackRock | Equity Index Fund | N/A | 772,956 |
| | | Cohen & Steers | Real Estate Fund | N/A | 91,958 |
| * | | Fidelity | Stable Value Fund | N/A | 531,345 |
| * | | Fidelity | Government Money Market Fund | N/A | 28 |
| * | | Fidelity | Mid Cap Index Fund | N/A | 446,882 |
| | | FlexPath | Moderate Retirement Fund | N/A | 1,608,287 |
| | | FlexPath | Agressive 2025 Fund | N/A | 136,733 |
| | | FlexPath | Moderate 2025 Fund | N/A | 1,754,085 |
| | | FlexPath | Conservative 2025 Fund | N/A | 4,676 |
| | | FlexPath | Agressive 2035 Fund | N/A | 17,156 |
| | | FlexPath | Moderate 2035 Fund | N/A | 903,465 |
| | | FlexPath | Conservative 2035 Fund | N/A | 6,423 |
| | | FlexPath | Agressive 2045 Fund | N/A | 22,395 |
| | | FlexPath | Moderate 2045 Fund | N/A | 730,252 |
| | | FlexPath | Conservative 2045 Fund | N/A | 232 |
| | | FlexPath | Agressive 2055 Fund | N/A | 3,664 |
| | | FlexPath | Moderate 2055 Fund | N/A | 287,371 |
| | | FlexPath | Conservative 2055 Fund | N/A | 1,877 |
| | | Invesco | Comstock Fund | N/A | 224,263 |
| | | Janus Henderson | Triton Fund | N/A | 199,426 |
| | | JP Morgan | US Small Company Fund | N/A | 112,625 |
| | | Lord Abbett | Core Bond Fund | N/A | 405,051 |
| | | Pioneer | Fundamental Growth Fund | N/A | 392,073 |
| | | Victory Sycamore | Small Company Opportunity Fund | N/A | 231,857 |
| | | Wilmington Trust | Foreign International Stock Fund | N/A | 293,571 |
| | | Total investments | | | 9,360,564 |
| * | | Notes receivable from participants | Interest rates ranging from 4.25% - 4.50% with maturity dates through September 2027 | -- | 302,888 |
| | | Total assets held for investment purposes at end of year | | | $ 9,663,452 |

* - Party-in-interest as defined by ERISA for which a statutory exemption exists.
N/A - Cost information is not required for participant-directed investments and therefore is not included.

**KSL ASSOCIATE GROUP 401(k) PLAN**

**Supplementary Information**
**December 31, 2018**

Schedule H Line 4a – Schedule of Delinquent Participant Contributions
EIN #33-0894084
PN #001

| Participant Contributions Transferred Late to Plan | Total that Constitute Nonexempt Prohibited Transactions | | | |
|---|---|---|---|---|
| **Check Here if Late Participant Loan Repayments are included: ☑** | **Contributions Not Corrected** | **Contributions Corrected Outside VFCP** | **Contributions Pending Correction in VFCP** | **Total Fully Corrected Under VFCP and PTE 2002-5** |
| Year Ended December 31, 2017 | $ 127,946 | $ -- | $ -- | $ -- |

ACCOUNTING + CONSULTING

# KSL ASSOCIATE GROUP
# 401(k) PLAN

**Financial Statements**
**and**
**Supplementary Information**
**Years Ended December 31, 2018 and 2017**
**(With Independent Auditor's Report Thereon)**

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ACCOUNTING + CONSULTING

# INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator and Participants of
KSL Associate Group 401(k) Plan

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of KSL Associate Group 401(k) Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statements of changes in net assets available for benefits for the years ended December 31, 2018 and 2017, and the related notes to the financial statements.

## *Management's Responsibility for the Financial Statements*

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

## *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis 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 administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Fidelity Management Trust Company, Inc., the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2018 and 2017, 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 schedules 1 and 2 as of and for the year ended December 31, 2018 are required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

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

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

KSJG, LLP

October 14, 2018

**KSJG, LLP**
100 Spectrum Center Drive, Suite 1000, Irvine, California 92618

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Statements of Net Assets Available for Benefits**
**December 31, 2018 and 2017**

## ASSETS

| | 2018 | 2016 |
|---|---|---|
| Investments, at fair value (Note 3): | | |
| Registered investment companies | $ 2,397,706 | $ 8,552,771 |
| Common/collective trusts | 6,962,830 | 402,183 |
| Interest-bearing cash | 28 | 114,640 |
| Total investments at fair value | 9,360,564 | 9,069,594 |
| Notes receivable from participants | 302,888 | 304,980 |
| Total assets | 9,663,452 | 9,374,574 |

## LIABILITIES

| | | |
|---|---|---|
| Corrective distributions payable | 31,990 | 37,974 |
| Net assets available for benefits | $ 9,631,462 | $ 9,336,600 |

See accompanying notes to financial statements

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Statements of Changes in Net Assets**
**Available for Benefits**
**Years Ended December 31, 2018 and 2017**

| | 2018 | 2017 |
|---|---|---|
| Additions to net assets attributed to: | | |
| Investment (loss) income: | | |
| Gain from interest-bearing cash | $ 144 | $ 273 |
| Interest and dividend income | 117,168 | 344,499 |
| Net (depreciation) appreciation in common/collective trusts | (319,917) | 2,802 |
| Net (depreciation) appreciation in registered investment companies | (295,615) | 873,684 |
| Total investment (loss) income | (498,220) | 1,221,258 |
| Interest income on notes receivable from participants | 12,449 | 10,939 |
| Contributions: | | |
| Employer contributions | 191,286 | 194,148 |
| Participants' contributions | 1,439,939 | 1,112,621 |
| Rollovers | 174,362 | 270,597 |
| Total contributions | 1,805,587 | 1,577,366 |
| Total additions | 1,319,816 | 2,809,563 |
| Deductions to net assets attributed to: | | |
| Benefits paid to participants | 916,963 | 991,050 |
| Corrective distributions | 36,245 | 27,229 |
| Deemed distributions | -- | 3,353 |
| Administrative expenses | 71,746 | 33,610 |
| Total deductions | 1,024,954 | 1,055,242 |
| Net increase in assets | 294,862 | 1,754,321 |
| Transfers into the Plan | -- | 983,994 |
| Net assets available for benefits | | |
| Beginning of year | 9,336,600 | 6,598,285 |
| End of year | $ 9,631,462 | $ 9,336,600 |

See accompanying notes to financial statements

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**December 31, 2018 and 2017**

## NOTE 1 - DESCRIPTION OF PLAN

The following description of the KSL Associate Group 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for more detailed information of the Plan's provisions.

**General -** The Plan is a defined contribution plan. The Plan was established on January 1, 1998. The Plan covers all employees of KC Greens, LLC, KRC Escondido Limited Partnership, First Colonial, LP, KRC Melbourne Limited Partnership, KRC Santa Margarita, LLC, KRC Greensboro LP, KRC Woods LP, KRC Los Altos, LP, KRC San Rafael, KRC Anaheim LP, KRC Orange LP, KRC Fresno II, LP, KSL Associate Group, KSL Corona Limited Partnership, KSL Texas Communities SA, LLC, KSL Ilima at Leihano, LLC, and Retirement Home Care, Inc. (the Companies) who are 21 years old and have 1 year of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

In January 2017, the La Posada Associate Group 401(k) Plan merged with the Plan. As a result of the merger, $983,994 of assets were transferred into the Plan, representing the accounts of the employees of La Posada Associate Group, LLC.

**Contributions -** Participants' contributions are made to the Plan by means of salary deferral by which the participant is entitled to defer their compensation up to an amount determined annually by the Internal Revenue Service. The Company matches participant contributions 25% on the first 6% of eligible compensation. Matching contributions of $191,286 and $194,148 were made to the Plan for the years ended December 31, 2018 and 2017, respectively.

**Participant Accounts -** Each participant's account is credited with the participant's contribution, the Companies' matching contribution, and an allocation of Plan earnings. Allocations of plan earnings are based on participant balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested interest in their account.

**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 percent of their vested account balance. Loan transactions are treated as a transfer to (from) the investment fund from (to) the Loans to Participants fund. Loans must be repaid within five years, except in limited circumstances, such as the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined quarterly by the Plan administrator.

**Vesting -** Participants are immediately vested in their deferral and rollover contributions plus actual earnings thereon. Vesting in the Companies' matching and discretionary contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. A participant is 100% vested after five years of credited service.

(Note 1 continued on the following page)

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 1 - DESCRIPTION OF PLAN (Continued)

**Payment of Benefits -** Upon reaching the retirement age of 65 or upon termination of service, a participant may receive a lump-sum payment equal to the vested value of his or her account.

**Forfeitures -** At December 31, 2018 and 2017 forfeited non-vested accounts totaled $53,566 and $76,682, respectively. These amounts will be used to reduce future Plan administrative expenses or future employer contributions. Forfeitures of $3,000 and 3,526 were used to reduce administrative expenses during 2018 and 2017, respectively. Forfeitures of $38,307 and none were used to reduce employer contributions during 2018 and 2017.

**Administrative Expenses -** Effective January 1, 2010, certain administrative expenses are paid from Plan earnings and are charged against each participant's account. Administrative expenses paid for by the plan amounted to $71,746 and $33,610 for the plan years ended December 31, 2018 and 2017, respectively.

**Investments -** Each participant directs the allocation of his or her contribution, and employer matching and discretionary profit-sharing contributions to one or more of 26 investment options. Purchases and sales of securities are recorded on a trade date basis.

**Risks and Uncertainties -** The Plan provides for various investment options in any combination of investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investments securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statements of Changes in Net Assets Available for Benefits.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting -** The financial statements of the Plan are prepared under the accrual method of accounting.

**Basis of Presentation -** The financial statements have been prepared in compliance with the Department of Labor Rules and Regulations for reporting and disclosure under ERISA.

(Note 2 continued on the following page)

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Investment Valuation and Income Recognition -** Investments are measured at quoted prices in an active market and have been certified complete and accurate by Fidelity Management Trust Company, Inc., the Plan's trustee (Note 4). 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. See Note 3 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 (depreciation) appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

**Use of Estimates -** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Notes Receivable from Participants** - Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document.

**Subsequent Events -** The Plan evaluated subsequent events through October 14, 2019, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 3 - FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described 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:<br>• quoted prices for similar assets or liabilities in active markets;<br>• quoted prices for identical or similar assets or liabilities in inactive markets;<br>• inputs other than quoted prices that are observable for the asset or liability;<br>• inputs that are derived principally from or corroborated by observable market data by correlation or other means.<br><br>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. |

(Note 3 continued on the following page)

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

The asset 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.

*Interest-bearing cash*: Valued at market value of corresponding currency at year end.

*Registered investment companies (Mutual funds)*: Valued at the closing price reported on the active market on which the individual securities are traded. Mutual funds held by the Plan are open-end mutual funds that are registered 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.

Following is a description of the valuation methodologies used for assets measured using Net Asset Value (NAV) as the practical expedient to estimate fair value:

*Common/collective trusts*: Common/collective trusts (CCT) are valued at NAV which is based on the fair value of the underlying investments of the CCT, less any liabilities. CCT are composed of a stable value fund that is composed primarily of fully benefit-responsive investment contracts that is valued at the net asset value of units of the bank collective trust. The net asset value is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported net asset value. Participant transactions (purchases and sales) may occur daily. If the Plan initiates a full redemption of the collective trust, the issuer reserves the right to require 12 months' notification in order to ensure that securities liquidations will be carried out in an orderly business manner.

The preceding methods 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.

(Note 3 continued on the following page)

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

**NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2018 and 2017:

| | ***Assets at Fair Value as of December 31, 2018*** | | | |
|---|---|---|---|---|
| | *Level 1* | *Level 2* | *Level 3* | *Total* |
| Registered investment companies | $ 2,397,706 | $ -- | $ -- | $ 2,397,706 |
| Interest-bearing cash | 28 | -- | -- | 28 |
| Total assets in the fair value heirarchy | 2,397,734 | -- | -- | 2,397,734 |
| Investments measured at net asset value (a) | -- | -- | -- | 6,962,830 |
| Total assets at fair value | $ 2,397,734 | $ -- | $ -- | $ 9,360,564 |

| | ***Assets at Fair Value as of December 31, 2017*** | | | |
|---|---|---|---|---|
| | *Level 1* | *Level 2* | *Level 3* | *Total* |
| Registered investment companies | $ 8,552,771 | $ -- | $ -- | $ 8,552,771 |
| Interest-bearing cash | 114,640 | -- | -- | 114,640 |
| Total assets in the fair value heirarchy | 8,667,411 | -- | -- | 8,667,411 |
| Investments measured at net asset value (a) | -- | -- | -- | 402,183 |
| Total assets at fair value | $ 8,667,411 | $ -- | $ -- | $ 9,069,594 |

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net assets available for benefits.

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 4 - INFORMATION CERTIFIED BY THE PLAN'S TRUSTEE

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Fidelity Management Trust Company, Inc., the trustee of the Plan, has certified to the completeness and accuracy of:

- Investments and notes receivable from participants reflected on the accompanying Statements of Net Assets Available for Benefits as of December 31, 2018 and 2017.

- Net (depreciation) appreciation in fair value of investments, interest and dividends reflected on the accompanying Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2018 and 2017.

## NOTE 5 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Companies have the right to discontinue contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, so that each participant receives 100% of his or her account balance as of the date of termination.

## NOTE 6 - TAX STATUS

The Company is using a Volume Submitter Plan provided by Fidelity Management Trust Company, Inc. which received a favorable opinion letter on March 31, 2014. The plan has been amended since receiving the opinion letter. However, the plan administrator and the plan's tax counsel believe that the plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2018, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) 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. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2015.

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 7 - PARTY-IN-INTEREST TRANSACTIONS

The Company, which qualifies as a party-in-interest, absorbs certain administrative expenses of the Plan. Such transactions qualify for a statutory exemption. Additionally, notes receivable from participants are considered exempt party-in-interest transactions.

Certain Plan investments are managed by Fidelity Management Trust Company, the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions for which a statutory exemption exists.

## NOTE 8 - PROHIBITED TRANSACTIONS

During the year ended December 31, 2018 and 2017, the Company failed to remit to the Plan's trustee certain employee contributions and loan repayments totaling none and $127,926, respectively, within the period prescribed by Department of Labor regulations. The Company is in the process of rectifying the matter by paying lost earnings on the employee contributions that were remitted late.

## NOTE 9 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The Form 5500 was prepared on the cash basis of accounting for the years ended December 31, 2018 and 2017. The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500.

| | 2018 | 2017 |
|---|---|---|
| Net assets available for benefits per the financial statements | $ 9,631,462 | $ 9,336,600 |
| Add: corrective distributions payable | 31,990 | 37,974 |
| Net assets available for benefits per the Form 5500 | $ 9,663,452 | $ 9,374,574 |

(Note 9 continued on the following page)

**KSL ASSOCIATE GROUP**
**401(k) PLAN**

**Notes to Financial Statements**
**(Continued)**
**December 31, 2018 and 2017**

## NOTE 9 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (Continued)

The following is a reconciliation of the net increase in net assets available for benefits per the financial statements to the Form 5500 for the years ended December 31, 2018 and 2017:

| | 2018 | 2017 |
|---|---|---|
| Net increase in net assets available for benefits per the financial statements | $ 294,862 | $ 1,754,321 |
| Less: prior year corrective distributions | (37,974) | (22,840) |
| Add: current year corrective distributions | 31,990 | 37,974 |
| Add: prior year contributions receivable | -- | 32,059 |
| Net increase in net assets available for benefits per the Form 5500 | $ 288,878 | $ 1,801,514 |

**KSL ASSOCIATE GROUP 401(k) PLAN**

**Supplementary Information**
**December 31, 2018**

Schedule H, line 4i – Schedule of Assets (Held at End of Year)
EIN #33-0894084
PN #001

| | (a) | (b) | ( c ) | (d) | (e) |
|---|---|---|---|---|---|
| | | **Identity of issue, borrower, lessor, or similar party** | **Description of investment including maturity date, rate of interest, collateral, par or maturity value** | **Cost** | **Current Value** |
| | | BlackRock | EAFE Equity Index Fund | N/A | $ 181,913 |
| | | BlackRock | Equity Index Fund | N/A | 772,956 |
| | | Cohen & Steers | Real Estate Fund | N/A | 91,958 |
| * | | Fidelity | Stable Value Fund | N/A | 531,345 |
| * | | Fidelity | Government Money Market Fund | N/A | 28 |
| * | | Fidelity | Mid Cap Index Fund | N/A | 446,882 |
| | | FlexPath | Moderate Retirement Fund | N/A | 1,608,287 |
| | | FlexPath | Agressive 2025 Fund | N/A | 136,733 |
| | | FlexPath | Moderate 2025 Fund | N/A | 1,754,085 |
| | | FlexPath | Conservative 2025 Fund | N/A | 4,676 |
| | | FlexPath | Agressive 2035 Fund | N/A | 17,156 |
| | | FlexPath | Moderate 2035 Fund | N/A | 903,465 |
| | | FlexPath | Conservative 2035 Fund | N/A | 6,423 |
| | | FlexPath | Agressive 2045 Fund | N/A | 22,395 |
| | | FlexPath | Moderate 2045 Fund | N/A | 730,252 |
| | | FlexPath | Conservative 2045 Fund | N/A | 232 |
| | | FlexPath | Agressive 2055 Fund | N/A | 3,664 |
| | | FlexPath | Moderate 2055 Fund | N/A | 287,371 |
| | | FlexPath | Conservative 2055 Fund | N/A | 1,877 |
| | | Invesco | Comstock Fund | N/A | 224,263 |
| | | Janus Henderson | Triton Fund | N/A | 199,426 |
| | | JP Morgan | US Small Company Fund | N/A | 112,625 |
| | | Lord Abbett | Core Bond Fund | N/A | 405,051 |
| | | Pioneer | Fundamental Growth Fund | N/A | 392,073 |
| | | Victory Sycamore | Small Company Opportunity Fund | N/A | 231,857 |
| | | Wilmington Trust | Foreign International Stock Fund | N/A | 293,571 |
| | | Total investments | | | 9,360,564 |
| * | | Notes receivable from participants | Interest rates ranging from 4.25% - 4.50% with maturity dates through September 2027 | -- | 302,888 |
| | | Total assets held for investment purposes at end of year | | | $ 9,663,452 |

* - Party-in-interest as defined by ERISA for which a statutory exemption exists.
N/A - Cost information is not required for participant-directed investments and therefore is not included.

**KSL ASSOCIATE GROUP 401(k) PLAN**

**Supplementary Information**
**December 31, 2018**

Schedule H Line 4a – Schedule of Delinquent Participant Contributions
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| Participant Contributions Transferred Late to Plan | Total that Constitute Nonexempt Prohibited Transactions | | | |
|---|---|---|---|---|
| **Check Here if Late Participant Loan Repayments are included: ☑** | **Contributions Not Corrected** | **Contributions Corrected Outside VFCP** | **Contributions Pending Correction in VFCP** | **Total Fully Corrected Under VFCP and PTE 2002-5** |
| Year Ended December 31, 2017 | $ 127,946 | $ -- | $ -- | $ -- |