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
PREFERRED HOTEL GROUP, INC. 401(K) PROFIT SHARING PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 07/01/1990

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)
PREFERRED HOTEL GROUP, INC.

23 CORPORATE PLAZA
SUITE 190
NEWPORT BEACH, CA 92660

2b Employer Identification Number (EIN)
36-4411818

2c Plan Sponsor's telephone number
949-999-9406

2d Business code (see instructions)
541990

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	HIREN CHANDIRAMANI
	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**	241
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)**	170
a(2) Total number of active participants at the end of the plan year	**6a(2)**	184
b Retired or separated participants receiving benefits	**6b**	1
c Other retired or separated participants entitled to future benefits	**6c**	70
d Subtotal. Add lines **6a(2)**, **6b**, and **6c**	**6d**	255
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	0
f Total. Add lines **6d** and **6e**.	**6f**	255
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	241
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	25
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:
2T 3D 2K 2F 2G 2E 2J

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) Trust	[X]	**(3)** Trust	[X]
(4) General assets of the sponsor	[ ]	**(4)** General assets of the sponsor	[ ]

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

a Pension Schedules

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

b General Schedules

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

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

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

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

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

11c Enter the Receipt Confirmation Code for the 2018 Form M-1 annual report. If the plan was not required to file the 2018 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

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

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

A Name of plan
PREFERRED HOTEL GROUP, INC. 401(K) PROFIT SHARING PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
PREFERRED HOTEL GROUP, INC.

D Employer Identification Number (EIN)
36-4411818

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

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

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

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

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

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

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

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

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

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

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

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

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

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	1319	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

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

HIGHTOWER SECURITIES LLC

36-4500709

(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?
55	ADVISOR	0	Yes [X] No [ ]	Yes [ ] No [X]	46241	Yes [ ] No [X]

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

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

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.
C&S REAL ESTATE I - BOSTON FINANCI P.O. BOX 8480 400COLUMBUS BOSTON, MA 02266	0.10%

(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.
CALMOS MKT NEU/INC A - US BANCORP 39-0281260	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.
CBA APPR FI - BNY MELLON INVESTMEN P.O. BOX 9793 PROVIDENCE, RI 02940	0.15%

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.
COL MID CAP IDX A - COLUMBIA MGT I 245 SUMMER STREET BOSTON, MA 02210	0.10%

(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.
EV FLTNG RT&HI INC A - BNY MELLON P.O. BOX 9793 PROVIDENCE, RI 02940	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.
FRANKLIN DYNATECH A - FRANKLIN TEM 94-3167260	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.
GS LG CP GR INS INV - GOLDMAN SACH 13-5108880	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.
INVS EQL WT S&P500 A - INVESCO INV 11 GREENWAY PLAZA, SUITE 100 HOUSTON, TX 77046	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.
J H TRITON T - JANUS SERVICES LLC 43-1804048	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.
JH DSCPL VAL MDCP A - JOHN HANCOCK 01-0233346	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.
JHANCOCK INCOME A - JOHN HANCOCK S 01-0233346	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 HIGH YIELD A - DST ASSET MANAG PO BOX 219432 KANSAS CITY, MO 64121	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.
MFS EMRG MKT DEBT R3 - MFS SERVICE 04-2865649	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 VALUE R3 - MFS SERVICE CE 04-2865649	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 LIFETIME INC R3 - MFS SERVICE 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.
MFS LIFETIME 2020 R3 - MFS SERVICE 04-2865649	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 LIFETIME 2025 R3 - MFS SERVICE 04-2865649	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 LIFETIME 2030 R3 - MFS SERVICE 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.
MFS LIFETIME 2035 R3 - MFS SERVICE 04-2865649	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 LIFETIME 2040 R3 - MFS SERVICE 04-2865649	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 LIFETIME 2045 R3 - MFS SERVICE 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.
MFS LIFETIME 2050 R3 - MFS SERVICE 04-2865649	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 LIFETIME 2055 R3 - MFS SERVICE 04-2865649	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.
NATIXIS ASG MGDFUT A - DST ASSET M PO BOX 219432 KANSAS CITY, MO 64121	0.30%

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.
OPPHMR DEV MKTS A - OFI GLOBAL ASS 225 LIBERTY STREET NEW YORK, NY 10281	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.
OPPHMR INTL GROWTH A - OFI GLOBAL 225 LIBERTY STREET NEW YORK, NY 10281	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.
PGIM GLOBAL RE Z - PRUDENTIAL MUTU 22-3703799	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.
PIM GNMA & GS A - DST ASSET MANAGE PO BOX 219432 KANSAS CITY, MO 64121	0.20%

(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.
PIM REAL RETURN A - DST ASSET MANA PO BOX 219432 KANSAS CITY, MO 64121	0.20%

(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.
PIMCO COMM REL RET A - DST ASSET M PO BOX 219432 KANSAS CITY, MO 64121	0.20%

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.
PUTN EQUITY INCOME A - PUTNAM INVE 04-2539562	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.
TMPL GLOBAL BOND A - FRANKLIN TEMP 94-3167260	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.
UM BEHAVIORAL VAL A - DST ASSET MA PO BOX 219432 KANSAS CITY, MO 64121	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.
VI FD FOR INCOME I - FIS INVESTOR 4249 EASTON WAY, SUITE 400 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
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.
VT INTL SM CAP A - FIS INVESTOR SE 4249 EASTON WAY, SUITE 400 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.
WA CORE BOND A - BNY MELLON INVEST P.O. BOX 9793 PROVIDENCE, RI 02940	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.
WF GROWTH A - BOSTON FINANCIAL DAT P.O. BOX 8480 BOSTON, MA 02266	0.30%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
HIGHTOWER SECURITIES LLC	55	46241

(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.
NATIONAL FINANCIAL SERVICES LLC 04-3523567	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

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

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

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

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

(complete as many entries as needed)

a Name: PRICEWATERHOUSE COOPERS LLP	**b** EIN: 13-4008324	
c Position: ACCOUNTING FIRM		
d Address:	**e** Telephone:	

Explanation: PREVIOUS AUDITOR NO LONGER PERFORMING THIS AUDIT FOR PLANS OUR SIZE.

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

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

OMB No. 1210-0110

2018

This Form is Open to Public Inspection

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

A Name of plan
PREFERRED HOTEL GROUP, INC. 401(K) PROFIT SHARING PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
PREFERRED HOTEL GROUP, INC.

D Employer Identification Number (EIN)
36-4411818

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)	402154	0
(2) Participant contributions	1b(2)	41860	0
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	214438	196442
(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)	195903	177128
(9) Value of interest in common/collective trusts	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)	0	0
(11) Value of interest in master trust investment accounts	1c(11)	0	0
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	17000290	18208145
(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	17854645	18581715
	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	17854645	18581715

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)	394854	
	(B) Participants	2a(1)(B)	1587089	
	(C) Others (including rollovers)	2a(1)(C)	630045	
	(2) Noncash contributions	2a(2)	0	
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		2611988
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	1797	
	(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)	7321	
	(F) Other	2b(1)(F)	0	
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		9118
	(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)	858989	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		858989
	(3) Rents	2b(3)		0
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	0	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)	0	
	(B) Other	2b(5)(B)	0	
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		-2177873
c Other income	2c		0
d Total income. Add all **income** amounts in column (b) and enter total	2d		1302222
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	573833	
(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)		573833
f Corrective distributions (see instructions)	2f		0
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)	1319	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		1319
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		575152
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		727070
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: BDO USA, LLP **(2)** EIN: 13-5381590

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		1690
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	

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

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

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

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

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

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

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

OMB No. 1210-0110

2018

This Form is Open to Public Inspection.

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

A Name of plan
PREFERRED HOTEL GROUP, INC. 401(K) PROFIT SHARING PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
PREFERRED HOTEL GROUP, INC.

D Employer Identification Number (EIN)
36-4411818

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):



401(k) Profit Sharing Plan

Financial Statements and Supplemental Schedules

As of December 31, 2018 and 2017 and for the Year Ended December 31, 2018

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Preferred Hotel Group, Inc.
401(k) Profit Sharing Plan

Contents

	Page
Independent Auditor's Report	3 - 4
Financial Statements	
Statements of Net Assets Available for Benefits	6
Statement of Changes in Net Assets Available for Benefits	7
Notes to the Financial Statements	8 – 14
Supplemental Schedules	
Form 5500 – Schedule H, Part IV, Line 4a – Schedule of Delinquent Participant Contributions	16
Form 5500 - Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year)	17

Note: Schedules other than those listed above have been omitted since the information is otherwise disclosed elsewhere in the financial statements, not applicable or not required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended.

Tel: 714-957-3200
Fax: 714-957-1080
www.bdo.com

600 Anton Blvd., Suite 500
Costa Mesa, CA 92626

Independent Auditor's Report

To the Plan Administrator
Preferred Hotel Group, Inc. 401(k) Profit Sharing Plan
Newport Beach, California

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Preferred Hotel Group, Inc. 401(k) Profit Sharing Plan (the "Plan"), which comprise the statement of net assets available for benefits as of December 31, 2018, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2018, and for the year then ended that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the 2018 financial statements.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Other Matter – Supplemental Schedules

The supplemental schedules, Form 5500 – Schedule H, Part IV, Line 4a – Schedule of Delinquent Participant Contributions for the year ended December 31, 2018, and Form 5500 – Schedule H, Part IV, Line 4i –Schedule of Assets (Held at End of Year) as of December 31, 2018, are required by the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on the supplemental schedules.

Other Matter — 2017 Financial Statements

The financial statements of the Plan as of December 31, 2017, was audited by predecessor auditors. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the plan administrator instructed the predecessor auditors not to perform, and they did not perform, any auditing procedures with respect to the information certified by the trustee. Their report dated September 28, 2018, indicated that (*a*) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, they did not express an opinion on the financial statements (*b*) the form and content of the information included in the financial statements other than that derived from the information certified by the trustee, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

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

The form and content of the information included in the 2018 financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

BDO USA, LLP

October 15, 2019

Financial Statements

Preferred Hotel Group, Inc.
401(k) Profit Sharing Plan

Statement of Net Assets Available for Benefits

December 31,	**2018**	2017
Assets:		
Investments at fair value:		
Mutual funds	**$ 18,404,587**	$ 17,214,728
Total investments at fair value	**18,404,587**	17,214,728
Receivables:		
Participant contributions	**-**	41,860
Employer contributions	**463,921**	402,154
Notes receivable from participants	**177,128**	195,903
Total receivables	**641,049**	639,917
Total assets	**19,045,636**	17,854,645
Net assets available for benefits	**$ 19,045,636**	$ 17,854,645

See accompanying notes to the financial statements.

Preferred Hotel Group, Inc.
401(k) Profit Sharing Plan

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31,	2018
Additions:	
Net investment income (loss):	
Net depreciation in fair value of investments	$ (2,177,873)
Interest and dividends	860,786
Total net investment loss	(1,317,087)
Interest income on notes receivable from participants	7,699
Contributions:	
Participants	1,587,089
Rollover	630,045
Employer	858,775
Total contributions	3,075,909
Total additions	1,766,520
Deductions:	
Benefits paid to participants	574,210
Administrative expenses	1,319
Total deductions	575,529
Net increase	1,190,991
Net assets available for benefits, beginning of year	17,854,645
Net assets available for benefits, end of year	$ 19,045,636

See accompanying notes to the financial statements.

1. Description of the Plan

The following description of the Preferred Hotel Group, Inc. 401(k) Profit Sharing Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement, as amended, for a more complete description of the Plan's provisions.

General

The Plan is a qualified defined contribution plan which provides for retirement benefits and covers all eligible employees of Preferred Hotel Group, Inc. (the "Company" or "Plan Sponsor"). Eligible employees include all employees of the Company who have attained age 21 and completed three months of service. Plan entry dates fall on the first day of the month following the completion of the eligibility requirements. During 2018, the Plan adopted an amendment to allow for automatic enrollment upon completion of the eligibility requirement. Employees may opt-out of enrolling in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The Company and certain members of management who are the Plan fiduciaries also act as the Plan administrator, and as such are responsible for oversight of the Plan, including determining the appropriateness of the Plan's investment offerings and monitoring investment performance. Fidelity Management Trust Company (the "Trustee"), as the Trustee, has the authority to hold, manage and protect the assets of the Plan in accordance with the provisions of the Plan.

Contributions

Participants can elect to make pre-tax contributions and/or Roth after-tax contributions to the Plan up to 100% of their eligible compensation, subject to certain Internal Revenue Code ("IRC") limitations. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions up to the IRC maximum. Participants may also contribute amounts representing distributions from other qualified plans which are reflected as rollover contributions in the statement of changes in net assets available for benefits. Participants direct the investment of their contributions into various investment options offered by the Plan.

The Plan provides for an employer matching contribution, in which the Company will match 50% of the first 5% of the participant's eligible compensation contributed to the Plan. The contribution period for purposes of calculating the amount of matching employer contribution is each Plan year. The Company may make a discretionary non-elective contribution to the Plan, although the Company is not required to do so. The discretionary non-elective contribution is allocated to all employees eligible to participate in the Plan. Each participant's share of the non-elective contribution is in proportion to their eligible compensation compared to the eligible compensation of the other participants who will also share in the contribution. If made, the discretionary non-elective contribution, is allocated as of the end of each Plan Year, based on eligible compensation within the computation period. During the year ended December 31, 2018, the Company contributed a discretionary employer contribution of $463,921.

Participant Accounts

Each participant's account is credited with the participant's contributions as well as allocations of the Company's matching contributions, if any, and Plan earnings. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan, as applicable. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the Company's contribution is based on years of continuous service. For Company contributions, a participant becomes 20% vested after completion of one year of credited service (as defined) and continues to vest 20% annually until 100% vesting is attained after five years of credited service.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of $1,000, up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance, reduced by the highest outstanding loan balance during the previous 12 months, if any ("Notes"). The Notes are secured by the balance in the participant's account and bear a reasonable rate of interest, as determined by the Plan administrator. The maximum number of Notes outstanding at any one time is one. Notes must be repaid within five years, unless such loan is for the purchase of a participant's primary residence, in which case the repayment period shall be no more than ten years. As of December 31, 2018, the Notes outstanding had interest rates ranging from 3.25% to 5.25%, maturing on various dates through 2023. Principal and interest are paid ratably through payroll deductions.

Payment of Benefits

Participants are eligible to receive a lump sum distribution of their vested account balance upon termination of employment, retirement, disability or death. A participant or beneficiary may elect to (a) receive the lump sum amount directly, or (b) roll over the value into another qualified plan or Individual Retirement Account ("IRA"). If, upon termination of employment, the value of the vested portion of a participant's account is $1,000 or less, it will automatically be distributed as soon as administratively feasible. For participants with account balances in excess of $1,000, no distribution will occur until a withdrawal request is completed. Participants with account balances in excess of $1,000, in addition to either a lump sum or direct rollover, may choose to receive installments, request a partial withdrawal, or defer receiving payments until age 70 ½.

In-service withdrawals from a participant's vested account balance are permitted on attainment of age 59 ½ or in circumstances of financial hardship, in accordance with provisions specified in the Plan agreement.

Forfeited Accounts

Participants who terminate their employment prior to the completion of the minimum number of applicable years of service forfeit their unvested employer contributions. As of December 31, 2018 and 2017, forfeitures included in Plan assets totaled $39,386 and $44,058, respectively. Forfeited balances are made available first to pay administrative expenses, at the election of the Company,

and second to reduce the employer matching contributions. Forfeitures used to reduce employer contributions for the year ended December 31, 2018 were $28,379.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ materially from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The plan administrator determines the Plan's valuation policies utilizing information provided by the Trustee. 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 appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2018 or 2017.

Management determines the collectability of notes receivable from participants on a periodic basis. This determination is made based on the terms of the Plan document and the related Plan policies and procedures. If notes receivable from participants are deemed to be uncollectible, they are written off and included as benefits paid to participants in the financial statements and deemed distributions in the Form 5500 for financial reporting purposes in the year the determination is made. Amounts recovered on notes receivable from participants previously deemed uncollectible are reported as a reduction of benefits paid to participants in the financial statements and the Form 5500 for financial reporting purposes in the year the recovery is made. During the year ended December 31, 2018, there were no amounts recovered on notes receivable from participants previously deemed uncollectible. During the year ended December 31, 2018, $377 of defaulted notes were recorded as deemed distributions an included in benefits paid to participants in the accompanying statement of changes in net assets available for benefits.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Certain expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by the Company. Expenses that are paid by the Company are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net depreciation of fair value of investments. Administrative expenses paid by the Plan totaled $1,319 for the year ended December 31, 2018.

Risks and Uncertainties

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

The Plan invests in various investment options that invest in securities of foreign companies, which involve special risks and considerations not typically associated with investing in U.S. companies. These risks include devaluation of currencies, less reliable information about issuers, different securities transaction clearance and settlement practices, and possible adverse political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. companies.

Subsequent Events

Management has evaluated subsequent events through October 15, 2019, the date the financial statements were available to be issued and has determined that there were no material events requiring recognition or disclosure.

Recent Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. The ASU removes, modifies, and adds certain disclosure requirements in Accounting Standards Codification ("ASC") Topic 820. For the Plan, this ASU is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. Plan management is currently evaluating the impact of the adoption of the ASU on the financial statements.

3. Fair Value Measurements

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

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

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The valuation 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.

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2018 and 2017:

	Investments at Fair Value as of December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	**$ 18,404,587**	**$ -**	**$ -**	**$ 18,404,587**
Total investments at fair value	**$ 18,404,587**	**$ -**	**$ -**	**$ 18,404,587**

	Investments at Fair Value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 17,214,728	$ -	$ -	$ 17,214,728
Total investments at fair value	$ 17,214,728	$ -	$ -	$ 17,214,728

4. Information Certified by the Trustee

The plan administrator has elected the method of annual reporting compliance permitted by Section 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the Plan's Trustee have certified that the following data included in the accompanying financial statements and supplemental schedule is complete and accurate:

- Investments and notes receivable from participants, as reflected on the accompanying statements of net assets available for benefits as of December 31, 2018 and December 31, 2017;
- Net investment loss and interest income on notes receivable from participants, as reflected in the statement of changes in net assets available for benefits for the year ended December 31, 2018;
- Investment values disclosed in Notes 3; and
- Investments and notes receivable from participants, as reflected in Form 5500 - Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2018, as shown on the supplemental schedule.

The Plan administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to this certified information, except for comparing such information to the related information included in the financial statements and supplemental schedule of assets (held at end of year).

5. Tax Status

The Plan adopted a Prototype 401(k) and Profit Sharing Plan designed by ADP which received a favorable opinion letter from the IRS dated March 31, 2014, which stated that the Plan and related trust are designed in accordance with the applicable sections of the IRC. The Company believes the Plan is designed and being operated in compliance with the applicable requirements of the IRC and, therefore, believes the Plan is qualified and tax exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

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

6. Parties-In-Interest Transactions

Administrative expenses paid by the Plan to the Trustee and recordkeeper qualify as party-in-interest transactions as defined by ERISA. Additionally, notes receivable from participants and administrative expenses paid by the Plan to the Trustee also qualify as party-in-interest transactions.

7. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. If the Plan should be terminated, the amount in each participant's account, as of the date of such termination, becomes fully vested.

8. Delinquent Participant Contributions

During the 2107 and 2018 Plan years, the Company failed to remit certain participant contributions totaling $976 and $1,690, respectively, to the Plan within the time period prescribed by ERISA, as described in 29 CFR 2510.3-102. Late transmissions of participant contributions constitute a prohibited transaction under ERISA section 406, regardless of materiality. The Company intends to fund the lost earnings for the 2017 and 2018 Plan years during 2019.

9. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2018, to the Form 5500. There were no differences in net assets available for benefits reported in the 2017 financial statements and the 2017 Form 5500.

December 31,	2018
Net assets available for benefits per the financial statements	$ 19,045,636
Less: Employer contribution receivable	(463,921)
Net assets available for benefits per the Form 5500	$ 18,581,715

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

Year ended December 31,	2018
Net increase in net assets available for benefits per the financial statements	$ 1,190,991
Less: Current year employer contributions receivable	(463,921)
Net income per the Form 5500	$ 727,070

Supplemental Schedules

Preferred Hotel Group, Inc.
401(k) Profit Sharing Plan

Form 5500, Schedule H, Part IV, Line 4a – Schedule of Delinquent Participant Contributions For the Years Ended December 31, 2018 and 2017

	Participant Contributions Transferred Late to Plan	Total That Constitute Nonexempt Prohibited Transactions			
Year	*Check here if Late Participant Loan Repayments are Included:*	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction or in VFCP	Total Fully Corrected Under VFCP and PTE 2002-51
2017		$ 976	$ -	$ -	$ -
2018		$ 1,690	-	-	-

Preferred Hotel Group, Inc.
401(k) Profit Sharing Plan

Form 5500 - Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year) December 31, 2018

EIN: 36-4411818
Plan Number: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost**	(e) Current value
	Mutual Funds:			
	CBA	CBA APPR FI		$ 2,794
	COL	COL MID CAP IDX A		305,717
	C&S	C&S REAL ESTATE I		82,369
	EV	EV FLTNG RT&HI INC A		76,571
	FA	FA MATERIALS I		177,243
	FID	FID GOVT MMKT DM		196,442
	FRANKLIN	FRANKLIN DYNATECH A		1,147,431
	GS	GS LG CP GR INS INV		669,606
	INVS	INVS EQL WT S&P500 A		303,344
	J H	J H TRITON T		440,203
	JH	JH DSCPL VAL MDCP A		445,264
	JHANCOCK	JHANCOCK INCOME A		127,494
	JPM	JPM HIGH YIELD A		185,194
	MFS	MFS EMRG MKT DEBT R3		148,084
	MFS	MFS INTL VALUE R3		707,033
	MFS	MFS LIFETIME 2020 R3		304,248
	MFS	MFS LIFETIME 2025 R3		1,195,567
	MFS	MFS LIFETIME 2030 R3		1,114,174
	MFS	MFS LIFETIME 2035 R3		2,554,478
	MFS	MFS LIFETIME 2040 R3		1,268,283
	MFS	MFS LIFETIME 2045 R3		1,072,904
	MFS	MFS LIFETIME 2050 R3		666,242
	MFS	MFS LIFETIME 2055 R3		326,130
	MFS	MFS LIFETIME INC R3		2,223,785
	OPPHMR	OPPHMR DEV MKTS A		604,468
	OPPHMR	OPPHMR INTL GROWTH A		135,623
	PGIM	PGIM GLOBAL RE Z		61,581
	PIMCO	PIM GNMA & GS A		48,836
	PIMCO	PIM REAL RETURN A		114,029
	PIMCO	PIMCO COMM REL RET A		54,415
	PUTN	PUTN EQUITY INCOME A		784,807
	TMPL	TMPL GLOBAL BOND A		170,636
	UM	UM BEHAVIORAL VAL A		153,609
	VI	VI FD FOR INCOME I		167,738
	VT	VT INTL SM CAP A		166,035
	WA	WA CORE BOND A		202,209
	Total mutual funds			18,404,587
	Total investments			18,404,587
*	Notes receivable from participants	Loans to participants with interest rates of 3.25% to 5.25% maturing through 2023		177,128
	Total			$ 18,581,715

* Represents a party-in-interest to the Plan, as defined by ERISA.
** Cost information was omitted as all transactions are participant or beneficiary directed transactions under the Plan.

Note:This schedule was derived from data certified as complete and accurate by Fidelity Management Trust Company, the Plan's trustee as of December 31, 2018.



401(k) Profit Sharing Plan

Financial Statements and Supplemental Schedules

As of December 31, 2018 and 2017 and for the Year Ended December 31, 2018

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Preferred Hotel Group, Inc.
401(k) Profit Sharing Plan

Contents

	Page
Independent Auditor's Report	3 - 4
Financial Statements	
Statements of Net Assets Available for Benefits	6
Statement of Changes in Net Assets Available for Benefits	7
Notes to the Financial Statements	8 – 14
Supplemental Schedules	
Form 5500 – Schedule H, Part IV, Line 4a – Schedule of Delinquent Participant Contributions	16
Form 5500 - Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year)	17

Note: Schedules other than those listed above have been omitted since the information is otherwise disclosed elsewhere in the financial statements, not applicable or not required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended.

Tel: 714-957-3200
Fax: 714-957-1080
www.bdo.com

600 Anton Blvd., Suite 500
Costa Mesa, CA 92626

Independent Auditor's Report

To the Plan Administrator
Preferred Hotel Group, Inc. 401(k) Profit Sharing Plan
Newport Beach, California

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Preferred Hotel Group, Inc. 401(k) Profit Sharing Plan (the "Plan"), which comprise the statement of net assets available for benefits as of December 31, 2018, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2018, and for the year then ended that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the 2018 financial statements.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Other Matter – Supplemental Schedules

The supplemental schedules, Form 5500 – Schedule H, Part IV, Line 4a – Schedule of Delinquent Participant Contributions for the year ended December 31, 2018, and Form 5500 – Schedule H, Part IV, Line 4i –Schedule of Assets (Held at End of Year) as of December 31, 2018, are required by the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on the supplemental schedules.

Other Matter — 2017 Financial Statements

The financial statements of the Plan as of December 31, 2017, was audited by predecessor auditors. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the plan administrator instructed the predecessor auditors not to perform, and they did not perform, any auditing procedures with respect to the information certified by the trustee. Their report dated September 28, 2018, indicated that (*a*) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, they did not express an opinion on the financial statements (*b*) the form and content of the information included in the financial statements other than that derived from the information certified by the trustee, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

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

The form and content of the information included in the 2018 financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

BDO USA, LLP

October 15, 2019

Financial Statements

Preferred Hotel Group, Inc.
401(k) Profit Sharing Plan

Statement of Net Assets Available for Benefits

December 31,	**2018**	2017
Assets:		
Investments at fair value:		
Mutual funds	**$ 18,404,587**	$ 17,214,728
Total investments at fair value	**18,404,587**	17,214,728
Receivables:		
Participant contributions	**-**	41,860
Employer contributions	**463,921**	402,154
Notes receivable from participants	**177,128**	195,903
Total receivables	**641,049**	639,917
Total assets	**19,045,636**	17,854,645
Net assets available for benefits	**$ 19,045,636**	$ 17,854,645

See accompanying notes to the financial statements.

Preferred Hotel Group, Inc.
401(k) Profit Sharing Plan

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31,	2018
Additions:	
Net investment income (loss):	
Net depreciation in fair value of investments	$ (2,177,873)
Interest and dividends	860,786
Total net investment loss	(1,317,087)
Interest income on notes receivable from participants	7,699
Contributions:	
Participants	1,587,089
Rollover	630,045
Employer	858,775
Total contributions	3,075,909
Total additions	1,766,520
Deductions:	
Benefits paid to participants	574,210
Administrative expenses	1,319
Total deductions	575,529
Net increase	1,190,991
Net assets available for benefits, beginning of year	17,854,645
Net assets available for benefits, end of year	$ 19,045,636

See accompanying notes to the financial statements.

1. Description of the Plan

The following description of the Preferred Hotel Group, Inc. 401(k) Profit Sharing Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement, as amended, for a more complete description of the Plan's provisions.

General

The Plan is a qualified defined contribution plan which provides for retirement benefits and covers all eligible employees of Preferred Hotel Group, Inc. (the "Company" or "Plan Sponsor"). Eligible employees include all employees of the Company who have attained age 21 and completed three months of service. Plan entry dates fall on the first day of the month following the completion of the eligibility requirements. During 2018, the Plan adopted an amendment to allow for automatic enrollment upon completion of the eligibility requirement. Employees may opt-out of enrolling in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The Company and certain members of management who are the Plan fiduciaries also act as the Plan administrator, and as such are responsible for oversight of the Plan, including determining the appropriateness of the Plan's investment offerings and monitoring investment performance. Fidelity Management Trust Company (the "Trustee"), as the Trustee, has the authority to hold, manage and protect the assets of the Plan in accordance with the provisions of the Plan.

Contributions

Participants can elect to make pre-tax contributions and/or Roth after-tax contributions to the Plan up to 100% of their eligible compensation, subject to certain Internal Revenue Code ("IRC") limitations. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions up to the IRC maximum. Participants may also contribute amounts representing distributions from other qualified plans which are reflected as rollover contributions in the statement of changes in net assets available for benefits. Participants direct the investment of their contributions into various investment options offered by the Plan.

The Plan provides for an employer matching contribution, in which the Company will match 50% of the first 5% of the participant's eligible compensation contributed to the Plan. The contribution period for purposes of calculating the amount of matching employer contribution is each Plan year. The Company may make a discretionary non-elective contribution to the Plan, although the Company is not required to do so. The discretionary non-elective contribution is allocated to all employees eligible to participate in the Plan. Each participant's share of the non-elective contribution is in proportion to their eligible compensation compared to the eligible compensation of the other participants who will also share in the contribution. If made, the discretionary non-elective contribution, is allocated as of the end of each Plan Year, based on eligible compensation within the computation period. During the year ended December 31, 2018, the Company contributed a discretionary employer contribution of $463,921.

Participant Accounts

Each participant's account is credited with the participant's contributions as well as allocations of the Company's matching contributions, if any, and Plan earnings. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan, as applicable. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the Company's contribution is based on years of continuous service. For Company contributions, a participant becomes 20% vested after completion of one year of credited service (as defined) and continues to vest 20% annually until 100% vesting is attained after five years of credited service.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of $1,000, up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance, reduced by the highest outstanding loan balance during the previous 12 months, if any ("Notes"). The Notes are secured by the balance in the participant's account and bear a reasonable rate of interest, as determined by the Plan administrator. The maximum number of Notes outstanding at any one time is one. Notes must be repaid within five years, unless such loan is for the purchase of a participant's primary residence, in which case the repayment period shall be no more than ten years. As of December 31, 2018, the Notes outstanding had interest rates ranging from 3.25% to 5.25%, maturing on various dates through 2023. Principal and interest are paid ratably through payroll deductions.

Payment of Benefits

Participants are eligible to receive a lump sum distribution of their vested account balance upon termination of employment, retirement, disability or death. A participant or beneficiary may elect to (a) receive the lump sum amount directly, or (b) roll over the value into another qualified plan or Individual Retirement Account ("IRA"). If, upon termination of employment, the value of the vested portion of a participant's account is $1,000 or less, it will automatically be distributed as soon as administratively feasible. For participants with account balances in excess of $1,000, no distribution will occur until a withdrawal request is completed. Participants with account balances in excess of $1,000, in addition to either a lump sum or direct rollover, may choose to receive installments, request a partial withdrawal, or defer receiving payments until age 70 ½.

In-service withdrawals from a participant's vested account balance are permitted on attainment of age 59 ½ or in circumstances of financial hardship, in accordance with provisions specified in the Plan agreement.

Forfeited Accounts

Participants who terminate their employment prior to the completion of the minimum number of applicable years of service forfeit their unvested employer contributions. As of December 31, 2018 and 2017, forfeitures included in Plan assets totaled $39,386 and $44,058, respectively. Forfeited balances are made available first to pay administrative expenses, at the election of the Company,

and second to reduce the employer matching contributions. Forfeitures used to reduce employer contributions for the year ended December 31, 2018 were $28,379.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ materially from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The plan administrator determines the Plan's valuation policies utilizing information provided by the Trustee. 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 appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2018 or 2017.

Management determines the collectability of notes receivable from participants on a periodic basis. This determination is made based on the terms of the Plan document and the related Plan policies and procedures. If notes receivable from participants are deemed to be uncollectible, they are written off and included as benefits paid to participants in the financial statements and deemed distributions in the Form 5500 for financial reporting purposes in the year the determination is made. Amounts recovered on notes receivable from participants previously deemed uncollectible are reported as a reduction of benefits paid to participants in the financial statements and the Form 5500 for financial reporting purposes in the year the recovery is made. During the year ended December 31, 2018, there were no amounts recovered on notes receivable from participants previously deemed uncollectible. During the year ended December 31, 2018, $377 of defaulted notes were recorded as deemed distributions an included in benefits paid to participants in the accompanying statement of changes in net assets available for benefits.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Certain expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by the Company. Expenses that are paid by the Company are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net depreciation of fair value of investments. Administrative expenses paid by the Plan totaled $1,319 for the year ended December 31, 2018.

Risks and Uncertainties

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

The Plan invests in various investment options that invest in securities of foreign companies, which involve special risks and considerations not typically associated with investing in U.S. companies. These risks include devaluation of currencies, less reliable information about issuers, different securities transaction clearance and settlement practices, and possible adverse political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. companies.

Subsequent Events

Management has evaluated subsequent events through October 15, 2019, the date the financial statements were available to be issued and has determined that there were no material events requiring recognition or disclosure.

Recent Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. The ASU removes, modifies, and adds certain disclosure requirements in Accounting Standards Codification ("ASC") Topic 820. For the Plan, this ASU is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. Plan management is currently evaluating the impact of the adoption of the ASU on the financial statements.

3. Fair Value Measurements

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

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

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The valuation 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.

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2018 and 2017:

	Investments at Fair Value as of December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	**$ 18,404,587**	**$ -**	**$ -**	**$ 18,404,587**
Total investments at fair value	**$ 18,404,587**	**$ -**	**$ -**	**$ 18,404,587**

	Investments at Fair Value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 17,214,728	$ -	$ -	$ 17,214,728
Total investments at fair value	$ 17,214,728	$ -	$ -	$ 17,214,728

4. Information Certified by the Trustee

The plan administrator has elected the method of annual reporting compliance permitted by Section 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the Plan's Trustee have certified that the following data included in the accompanying financial statements and supplemental schedule is complete and accurate:

- Investments and notes receivable from participants, as reflected on the accompanying statements of net assets available for benefits as of December 31, 2018 and December 31, 2017;
- Net investment loss and interest income on notes receivable from participants, as reflected in the statement of changes in net assets available for benefits for the year ended December 31, 2018;
- Investment values disclosed in Notes 3; and
- Investments and notes receivable from participants, as reflected in Form 5500 - Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2018, as shown on the supplemental schedule.

The Plan administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to this certified information, except for comparing such information to the related information included in the financial statements and supplemental schedule of assets (held at end of year).

5. Tax Status

The Plan adopted a Prototype 401(k) and Profit Sharing Plan designed by ADP which received a favorable opinion letter from the IRS dated March 31, 2014, which stated that the Plan and related trust are designed in accordance with the applicable sections of the IRC. The Company believes the Plan is designed and being operated in compliance with the applicable requirements of the IRC and, therefore, believes the Plan is qualified and tax exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

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

6. Parties-In-Interest Transactions

Administrative expenses paid by the Plan to the Trustee and recordkeeper qualify as party-in-interest transactions as defined by ERISA. Additionally, notes receivable from participants and administrative expenses paid by the Plan to the Trustee also qualify as party-in-interest transactions.

7. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. If the Plan should be terminated, the amount in each participant's account, as of the date of such termination, becomes fully vested.

8. Delinquent Participant Contributions

During the 2107 and 2018 Plan years, the Company failed to remit certain participant contributions totaling $976 and $1,690, respectively, to the Plan within the time period prescribed by ERISA, as described in 29 CFR 2510.3-102. Late transmissions of participant contributions constitute a prohibited transaction under ERISA section 406, regardless of materiality. The Company intends to fund the lost earnings for the 2017 and 2018 Plan years during 2019.

9. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2018, to the Form 5500. There were no differences in net assets available for benefits reported in the 2017 financial statements and the 2017 Form 5500.

December 31,	2018
Net assets available for benefits per the financial statements	$ 19,045,636
Less: Employer contribution receivable	(463,921)
Net assets available for benefits per the Form 5500	$ 18,581,715

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

Year ended December 31,	2018
Net increase in net assets available for benefits per the financial statements	$ 1,190,991
Less: Current year employer contributions receivable	(463,921)
Net income per the Form 5500	$ 727,070

Supplemental Schedules

Preferred Hotel Group, Inc.
401(k) Profit Sharing Plan

Form 5500, Schedule H, Part IV, Line 4a – Schedule of Delinquent Participant Contributions For the Years Ended December 31, 2018 and 2017

	Participant Contributions Transferred Late to Plan	Total That Constitute Nonexempt Prohibited Transactions			
Year	*Check here if Late Participant Loan Repayments are Included:*	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction or in VFCP	Total Fully Corrected Under VFCP and PTE 2002-51
2017		$ 976	$ -	$ -	$ -
2018		$ 1,690	-	-	-

Preferred Hotel Group, Inc.
401(k) Profit Sharing Plan

Form 5500 - Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year) December 31, 2018

EIN: 36-4411818
Plan Number: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost**	(e) Current value
	Mutual Funds:			
	CBA	CBA APPR FI		$ 2,794
	COL	COL MID CAP IDX A		305,717
	C&S	C&S REAL ESTATE I		82,369
	EV	EV FLTNG RT&HI INC A		76,571
	FA	FA MATERIALS I		177,243
	FID	FID GOVT MMKT DM		196,442
	FRANKLIN	FRANKLIN DYNATECH A		1,147,431
	GS	GS LG CP GR INS INV		669,606
	INVS	INVS EQL WT S&P500 A		303,344
	J H	J H TRITON T		440,203
	JH	JH DSCPL VAL MDCP A		445,264
	JHANCOCK	JHANCOCK INCOME A		127,494
	JPM	JPM HIGH YIELD A		185,194
	MFS	MFS EMRG MKT DEBT R3		148,084
	MFS	MFS INTL VALUE R3		707,033
	MFS	MFS LIFETIME 2020 R3		304,248
	MFS	MFS LIFETIME 2025 R3		1,195,567
	MFS	MFS LIFETIME 2030 R3		1,114,174
	MFS	MFS LIFETIME 2035 R3		2,554,478
	MFS	MFS LIFETIME 2040 R3		1,268,283
	MFS	MFS LIFETIME 2045 R3		1,072,904
	MFS	MFS LIFETIME 2050 R3		666,242
	MFS	MFS LIFETIME 2055 R3		326,130
	MFS	MFS LIFETIME INC R3		2,223,785
	OPPHMR	OPPHMR DEV MKTS A		604,468
	OPPHMR	OPPHMR INTL GROWTH A		135,623
	PGIM	PGIM GLOBAL RE Z		61,581
	PIMCO	PIM GNMA & GS A		48,836
	PIMCO	PIM REAL RETURN A		114,029
	PIMCO	PIMCO COMM REL RET A		54,415
	PUTN	PUTN EQUITY INCOME A		784,807
	TMPL	TMPL GLOBAL BOND A		170,636
	UM	UM BEHAVIORAL VAL A		153,609
	VI	VI FD FOR INCOME I		167,738
	VT	VT INTL SM CAP A		166,035
	WA	WA CORE BOND A		202,209
	Total mutual funds			18,404,587
	Total investments			18,404,587
*	Notes receivable from participants	Loans to participants with interest rates of 3.25% to 5.25% maturing through 2023		177,128
	Total			$ 18,581,715

* Represents a party-in-interest to the Plan, as defined by ERISA.
** Cost information was omitted as all transactions are participant or beneficiary directed transactions under the Plan.

Note:This schedule was derived from data certified as complete and accurate by Fidelity Management Trust Company, the Plan's trustee as of December 31, 2018.



401(k) Profit Sharing Plan

Financial Statements and Supplemental Schedules

As of December 31, 2018 and 2017 and for the Year Ended December 31, 2018

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Preferred Hotel Group, Inc.
401(k) Profit Sharing Plan

Contents

	Page
Independent Auditor's Report	3 - 4
Financial Statements	
Statements of Net Assets Available for Benefits	6
Statement of Changes in Net Assets Available for Benefits	7
Notes to the Financial Statements	8 – 14
Supplemental Schedules	
Form 5500 – Schedule H, Part IV, Line 4a – Schedule of Delinquent Participant Contributions	16
Form 5500 - Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year)	17

Note: Schedules other than those listed above have been omitted since the information is otherwise disclosed elsewhere in the financial statements, not applicable or not required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended.

Tel: 714-957-3200
Fax: 714-957-1080
www.bdo.com

600 Anton Blvd., Suite 500
Costa Mesa, CA 92626

Independent Auditor's Report

To the Plan Administrator
Preferred Hotel Group, Inc. 401(k) Profit Sharing Plan
Newport Beach, California

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Preferred Hotel Group, Inc. 401(k) Profit Sharing Plan (the "Plan"), which comprise the statement of net assets available for benefits as of December 31, 2018, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2018, and for the year then ended that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the 2018 financial statements.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Other Matter – Supplemental Schedules

The supplemental schedules, Form 5500 – Schedule H, Part IV, Line 4a – Schedule of Delinquent Participant Contributions for the year ended December 31, 2018, and Form 5500 – Schedule H, Part IV, Line 4i –Schedule of Assets (Held at End of Year) as of December 31, 2018, are required by the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on the supplemental schedules.

Other Matter — 2017 Financial Statements

The financial statements of the Plan as of December 31, 2017, was audited by predecessor auditors. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the plan administrator instructed the predecessor auditors not to perform, and they did not perform, any auditing procedures with respect to the information certified by the trustee. Their report dated September 28, 2018, indicated that (*a*) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, they did not express an opinion on the financial statements (*b*) the form and content of the information included in the financial statements other than that derived from the information certified by the trustee, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

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

The form and content of the information included in the 2018 financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

BDO USA, LLP

October 15, 2019

Financial Statements

Preferred Hotel Group, Inc.
401(k) Profit Sharing Plan

Statement of Net Assets Available for Benefits

December 31,	**2018**	2017
Assets:		
Investments at fair value:		
Mutual funds	**$ 18,404,587**	$ 17,214,728
Total investments at fair value	**18,404,587**	17,214,728
Receivables:		
Participant contributions	**-**	41,860
Employer contributions	**463,921**	402,154
Notes receivable from participants	**177,128**	195,903
Total receivables	**641,049**	639,917
Total assets	**19,045,636**	17,854,645
Net assets available for benefits	**$ 19,045,636**	$ 17,854,645

See accompanying notes to the financial statements.

Preferred Hotel Group, Inc.
401(k) Profit Sharing Plan

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31,	2018
Additions:	
Net investment income (loss):	
Net depreciation in fair value of investments	$ (2,177,873)
Interest and dividends	860,786
Total net investment loss	(1,317,087)
Interest income on notes receivable from participants	7,699
Contributions:	
Participants	1,587,089
Rollover	630,045
Employer	858,775
Total contributions	3,075,909
Total additions	1,766,520
Deductions:	
Benefits paid to participants	574,210
Administrative expenses	1,319
Total deductions	575,529
Net increase	1,190,991
Net assets available for benefits, beginning of year	17,854,645
Net assets available for benefits, end of year	$ 19,045,636

See accompanying notes to the financial statements.

1. Description of the Plan

The following description of the Preferred Hotel Group, Inc. 401(k) Profit Sharing Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement, as amended, for a more complete description of the Plan's provisions.

General

The Plan is a qualified defined contribution plan which provides for retirement benefits and covers all eligible employees of Preferred Hotel Group, Inc. (the "Company" or "Plan Sponsor"). Eligible employees include all employees of the Company who have attained age 21 and completed three months of service. Plan entry dates fall on the first day of the month following the completion of the eligibility requirements. During 2018, the Plan adopted an amendment to allow for automatic enrollment upon completion of the eligibility requirement. Employees may opt-out of enrolling in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The Company and certain members of management who are the Plan fiduciaries also act as the Plan administrator, and as such are responsible for oversight of the Plan, including determining the appropriateness of the Plan's investment offerings and monitoring investment performance. Fidelity Management Trust Company (the "Trustee"), as the Trustee, has the authority to hold, manage and protect the assets of the Plan in accordance with the provisions of the Plan.

Contributions

Participants can elect to make pre-tax contributions and/or Roth after-tax contributions to the Plan up to 100% of their eligible compensation, subject to certain Internal Revenue Code ("IRC") limitations. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions up to the IRC maximum. Participants may also contribute amounts representing distributions from other qualified plans which are reflected as rollover contributions in the statement of changes in net assets available for benefits. Participants direct the investment of their contributions into various investment options offered by the Plan.

The Plan provides for an employer matching contribution, in which the Company will match 50% of the first 5% of the participant's eligible compensation contributed to the Plan. The contribution period for purposes of calculating the amount of matching employer contribution is each Plan year. The Company may make a discretionary non-elective contribution to the Plan, although the Company is not required to do so. The discretionary non-elective contribution is allocated to all employees eligible to participate in the Plan. Each participant's share of the non-elective contribution is in proportion to their eligible compensation compared to the eligible compensation of the other participants who will also share in the contribution. If made, the discretionary non-elective contribution, is allocated as of the end of each Plan Year, based on eligible compensation within the computation period. During the year ended December 31, 2018, the Company contributed a discretionary employer contribution of $463,921.

Participant Accounts

Each participant's account is credited with the participant's contributions as well as allocations of the Company's matching contributions, if any, and Plan earnings. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan, as applicable. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the Company's contribution is based on years of continuous service. For Company contributions, a participant becomes 20% vested after completion of one year of credited service (as defined) and continues to vest 20% annually until 100% vesting is attained after five years of credited service.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of $1,000, up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance, reduced by the highest outstanding loan balance during the previous 12 months, if any ("Notes"). The Notes are secured by the balance in the participant's account and bear a reasonable rate of interest, as determined by the Plan administrator. The maximum number of Notes outstanding at any one time is one. Notes must be repaid within five years, unless such loan is for the purchase of a participant's primary residence, in which case the repayment period shall be no more than ten years. As of December 31, 2018, the Notes outstanding had interest rates ranging from 3.25% to 5.25%, maturing on various dates through 2023. Principal and interest are paid ratably through payroll deductions.

Payment of Benefits

Participants are eligible to receive a lump sum distribution of their vested account balance upon termination of employment, retirement, disability or death. A participant or beneficiary may elect to (a) receive the lump sum amount directly, or (b) roll over the value into another qualified plan or Individual Retirement Account ("IRA"). If, upon termination of employment, the value of the vested portion of a participant's account is $1,000 or less, it will automatically be distributed as soon as administratively feasible. For participants with account balances in excess of $1,000, no distribution will occur until a withdrawal request is completed. Participants with account balances in excess of $1,000, in addition to either a lump sum or direct rollover, may choose to receive installments, request a partial withdrawal, or defer receiving payments until age 70 ½.

In-service withdrawals from a participant's vested account balance are permitted on attainment of age 59 ½ or in circumstances of financial hardship, in accordance with provisions specified in the Plan agreement.

Forfeited Accounts

Participants who terminate their employment prior to the completion of the minimum number of applicable years of service forfeit their unvested employer contributions. As of December 31, 2018 and 2017, forfeitures included in Plan assets totaled $39,386 and $44,058, respectively. Forfeited balances are made available first to pay administrative expenses, at the election of the Company,

and second to reduce the employer matching contributions. Forfeitures used to reduce employer contributions for the year ended December 31, 2018 were $28,379.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ materially from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The plan administrator determines the Plan's valuation policies utilizing information provided by the Trustee. 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 appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2018 or 2017.

Management determines the collectability of notes receivable from participants on a periodic basis. This determination is made based on the terms of the Plan document and the related Plan policies and procedures. If notes receivable from participants are deemed to be uncollectible, they are written off and included as benefits paid to participants in the financial statements and deemed distributions in the Form 5500 for financial reporting purposes in the year the determination is made. Amounts recovered on notes receivable from participants previously deemed uncollectible are reported as a reduction of benefits paid to participants in the financial statements and the Form 5500 for financial reporting purposes in the year the recovery is made. During the year ended December 31, 2018, there were no amounts recovered on notes receivable from participants previously deemed uncollectible. During the year ended December 31, 2018, $377 of defaulted notes were recorded as deemed distributions an included in benefits paid to participants in the accompanying statement of changes in net assets available for benefits.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Certain expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by the Company. Expenses that are paid by the Company are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net depreciation of fair value of investments. Administrative expenses paid by the Plan totaled $1,319 for the year ended December 31, 2018.

Risks and Uncertainties

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

The Plan invests in various investment options that invest in securities of foreign companies, which involve special risks and considerations not typically associated with investing in U.S. companies. These risks include devaluation of currencies, less reliable information about issuers, different securities transaction clearance and settlement practices, and possible adverse political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. companies.

Subsequent Events

Management has evaluated subsequent events through October 15, 2019, the date the financial statements were available to be issued and has determined that there were no material events requiring recognition or disclosure.

Recent Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. The ASU removes, modifies, and adds certain disclosure requirements in Accounting Standards Codification ("ASC") Topic 820. For the Plan, this ASU is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. Plan management is currently evaluating the impact of the adoption of the ASU on the financial statements.

3. Fair Value Measurements

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

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

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The valuation 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.

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2018 and 2017:

	Investments at Fair Value as of December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	**$ 18,404,587**	**$ -**	**$ -**	**$ 18,404,587**
Total investments at fair value	**$ 18,404,587**	**$ -**	**$ -**	**$ 18,404,587**

	Investments at Fair Value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 17,214,728	$ -	$ -	$ 17,214,728
Total investments at fair value	$ 17,214,728	$ -	$ -	$ 17,214,728

4. Information Certified by the Trustee

The plan administrator has elected the method of annual reporting compliance permitted by Section 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the Plan's Trustee have certified that the following data included in the accompanying financial statements and supplemental schedule is complete and accurate:

- Investments and notes receivable from participants, as reflected on the accompanying statements of net assets available for benefits as of December 31, 2018 and December 31, 2017;
- Net investment loss and interest income on notes receivable from participants, as reflected in the statement of changes in net assets available for benefits for the year ended December 31, 2018;
- Investment values disclosed in Notes 3; and
- Investments and notes receivable from participants, as reflected in Form 5500 - Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2018, as shown on the supplemental schedule.

The Plan administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to this certified information, except for comparing such information to the related information included in the financial statements and supplemental schedule of assets (held at end of year).

5. Tax Status

The Plan adopted a Prototype 401(k) and Profit Sharing Plan designed by ADP which received a favorable opinion letter from the IRS dated March 31, 2014, which stated that the Plan and related trust are designed in accordance with the applicable sections of the IRC. The Company believes the Plan is designed and being operated in compliance with the applicable requirements of the IRC and, therefore, believes the Plan is qualified and tax exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

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

6. Parties-In-Interest Transactions

Administrative expenses paid by the Plan to the Trustee and recordkeeper qualify as party-in-interest transactions as defined by ERISA. Additionally, notes receivable from participants and administrative expenses paid by the Plan to the Trustee also qualify as party-in-interest transactions.

7. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. If the Plan should be terminated, the amount in each participant's account, as of the date of such termination, becomes fully vested.

8. Delinquent Participant Contributions

During the 2107 and 2018 Plan years, the Company failed to remit certain participant contributions totaling $976 and $1,690, respectively, to the Plan within the time period prescribed by ERISA, as described in 29 CFR 2510.3-102. Late transmissions of participant contributions constitute a prohibited transaction under ERISA section 406, regardless of materiality. The Company intends to fund the lost earnings for the 2017 and 2018 Plan years during 2019.

9. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2018, to the Form 5500. There were no differences in net assets available for benefits reported in the 2017 financial statements and the 2017 Form 5500.

December 31,	2018
Net assets available for benefits per the financial statements	$ 19,045,636
Less: Employer contribution receivable	(463,921)
Net assets available for benefits per the Form 5500	$ 18,581,715

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

Year ended December 31,	2018
Net increase in net assets available for benefits per the financial statements	$ 1,190,991
Less: Current year employer contributions receivable	(463,921)
Net income per the Form 5500	$ 727,070

Supplemental Schedules

Preferred Hotel Group, Inc.
401(k) Profit Sharing Plan

Form 5500, Schedule H, Part IV, Line 4a – Schedule of Delinquent Participant Contributions For the Years Ended December 31, 2018 and 2017

	Participant Contributions Transferred Late to Plan	Total That Constitute Nonexempt Prohibited Transactions			
Year	*Check here if Late Participant Loan Repayments are Included:*	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction or in VFCP	Total Fully Corrected Under VFCP and PTE 2002-51
2017		$ 976	$ -	$ -	$ -
2018		$ 1,690	-	-	-

Preferred Hotel Group, Inc.
401(k) Profit Sharing Plan

Form 5500 - Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year) December 31, 2018

EIN: 36-4411818
Plan Number: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost**	(e) Current value
	Mutual Funds:			
	CBA	CBA APPR FI		$ 2,794
	COL	COL MID CAP IDX A		305,717
	C&S	C&S REAL ESTATE I		82,369
	EV	EV FLTNG RT&HI INC A		76,571
	FA	FA MATERIALS I		177,243
	FID	FID GOVT MMKT DM		196,442
	FRANKLIN	FRANKLIN DYNATECH A		1,147,431
	GS	GS LG CP GR INS INV		669,606
	INVS	INVS EQL WT S&P500 A		303,344
	J H	J H TRITON T		440,203
	JH	JH DSCPL VAL MDCP A		445,264
	JHANCOCK	JHANCOCK INCOME A		127,494
	JPM	JPM HIGH YIELD A		185,194
	MFS	MFS EMRG MKT DEBT R3		148,084
	MFS	MFS INTL VALUE R3		707,033
	MFS	MFS LIFETIME 2020 R3		304,248
	MFS	MFS LIFETIME 2025 R3		1,195,567
	MFS	MFS LIFETIME 2030 R3		1,114,174
	MFS	MFS LIFETIME 2035 R3		2,554,478
	MFS	MFS LIFETIME 2040 R3		1,268,283
	MFS	MFS LIFETIME 2045 R3		1,072,904
	MFS	MFS LIFETIME 2050 R3		666,242
	MFS	MFS LIFETIME 2055 R3		326,130
	MFS	MFS LIFETIME INC R3		2,223,785
	OPPHMR	OPPHMR DEV MKTS A		604,468
	OPPHMR	OPPHMR INTL GROWTH A		135,623
	PGIM	PGIM GLOBAL RE Z		61,581
	PIMCO	PIM GNMA & GS A		48,836
	PIMCO	PIM REAL RETURN A		114,029
	PIMCO	PIMCO COMM REL RET A		54,415
	PUTN	PUTN EQUITY INCOME A		784,807
	TMPL	TMPL GLOBAL BOND A		170,636
	UM	UM BEHAVIORAL VAL A		153,609
	VI	VI FD FOR INCOME I		167,738
	VT	VT INTL SM CAP A		166,035
	WA	WA CORE BOND A		202,209
	Total mutual funds			18,404,587
	Total investments			18,404,587
*	Notes receivable from participants	Loans to participants with interest rates of 3.25% to 5.25% maturing through 2023		177,128
	Total			$ 18,581,715

* Represents a party-in-interest to the Plan, as defined by ERISA.
** Cost information was omitted as all transactions are participant or beneficiary directed transactions under the Plan.

Note:This schedule was derived from data certified as complete and accurate by Fidelity Management Trust Company, the Plan's trustee as of December 31, 2018.