

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
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Part I	Annual Report Identification Information For calendar plan year 2018 or fiscal plan year beginning <u>01/01/2018</u> and ending <u>12/31/2018</u>
A This return/report is for:	☐ a multiemployer plan ☒ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
B This return/report is:	☐ a single-employer plan ☐ a DFE (specify) _____ ☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)

Part II	Basic Plan Information—enter all requested information						
1a Name of plan <u>EMPLICITY 401(K) RETIREMENT SAVINGS PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>333</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/2000</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>333</u>	1c Effective date of plan <u>01/01/2000</u>			
1b Three-digit plan number (PN) ▶	<u>333</u>						
1c Effective date of plan <u>01/01/2000</u>							
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>STAFFPAY, INC.</u> <u>9851 IRVINE CENTER DRIVE</u> <u>IRVINE, CA 92618</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">2b Employer Identification Number (EIN) <u>33-0680357</u></td> <td style="width: 20%;"></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>888-782-3372</u></td> <td></td> </tr> <tr> <td>2d Business code (see instructions) <u>561300</u></td> <td></td> </tr> </table>	2b Employer Identification Number (EIN) <u>33-0680357</u>		2c Plan Sponsor's telephone number <u>888-782-3372</u>		2d Business code (see instructions) <u>561300</u>	
2b Employer Identification Number (EIN) <u>33-0680357</u>							
2c Plan Sponsor's telephone number <u>888-782-3372</u>							
2d Business code (see instructions) <u>561300</u>							

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2019	JEANINE DILLARD
	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

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2018)
v. 171027

3a Plan administrator's name and address ☒ 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 1051
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6a(1) 850 6a(2) 923 6b 0 6c 306 6d 1229 6e 0 6f 1229 6g 891 6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2T 3H 3D 2A 2R b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor

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

a Pension Schedules

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

b General Schedules

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

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

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

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

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

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

Receipt Confirmation Code _____

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

For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018	
A Name of plan EMPLICITY 401(K) RETIREMENT SAVINGS PLAN	B Three-digit plan number (PN) ▶ 333
C Plan sponsor's name as shown on line 2a of Form 5500 STAFFPAY, INC.	D Employer Identification Number (EIN) 33-0680357

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No
- b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

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

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

SLAVIC INTEGRATED ADMINISTRATION

65-0608221

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 37 38 50	TPA	133224	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

BFSG, LLC

20-8532658

(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?
17	CONSULTING	34821	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

KUSHNER SMITH JOANOU & GREGSON LLP

95-3322166

(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?
10	AUDITOR	14000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

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

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

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

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

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

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

Part I Service Provider Information (continued)

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

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

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2018
		This Form is Open to Public Inspection

For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018		
A Name of plan EMPICITY 401(K) RETIREMENT SAVINGS PLAN	B Three-digit plan number (PN) ►	333
C Plan sponsor's name as shown on line 2a of Form 5500 STAFFPAY, INC.	D Employer Identification Number (EIN) 33-0680357	

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

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	18020	32249
(2) Participant contributions	1b(2)	34566	57200
(3) Other.....	1b(3)	1419	3766
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)	224584	305611
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	23586421	25364574
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)	164294	174660

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(1)	Employer securities	1d(1)	
(2)	Employer real property	1d(2)	
e	Buildings and other property used in plan operation	1e	
f	Total assets (add all amounts in lines 1a through 1e)	1f	24029304 25938060
Liabilities			
g	Benefit claims payable	1g	
h	Operating payables	1h	
i	Acquisition indebtedness	1i	
j	Other liabilities	1j	26110 0
k	Total liabilities (add all amounts in lines 1g through 1j)	1k	26110 0
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	24003194 25938060

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.

		(a) Amount	(b) Total
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A)	1025945
	(B) Participants	2a(1)(B)	2586243
	(C) Others (including rollovers)	2a(1)(C)	62572
(2)	Noncash contributions	2a(2)	
(3)	Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)	3674760
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	
	(B) U.S. Government securities	2b(1)(B)	
	(C) Corporate debt instruments	2b(1)(C)	
	(D) Loans (other than to participants)	2b(1)(D)	
	(E) Participant loans	2b(1)(E)	11829
	(F) Other	2b(1)(F)	
	(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)	11829
(2)	Dividends: (A) Preferred stock	2b(2)(A)	
	(B) Common stock	2b(2)(B)	
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	841070
	(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)	841070
(3)	Rents	2b(3)	
(4)	Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	
	(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)	0
(5)	Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	
	(B) Other	2b(5)(B)	
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)	0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-2352804
c Other income.....	2c		-18794
d Total income. Add all income amounts in column (b) and enter total	2d		2156061

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	2586381	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		2586381
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)	14000	
(2) Contract administrator fees.....	2i(2)	133224	
(3) Investment advisory and management fees.....	2i(3)	34821	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		182045
j Total expenses. Add all expense amounts in column (b) and enter total	2j		2768426

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-612365
l Transfers of assets:			
(1) To this plan.....	2l(1)		3674418
(2) From this plan.....	2l(2)		1127187

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: **KSJG, LLP**

(2) EIN: **95-3322166**

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

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

Part IV Compliance Questions

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

During the plan year:

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

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

	Yes	No	Amount
4a		X	
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	
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)
CONSTELLATION BEHAVIORAL HEALTH 401(K) PLAN	90-0961194	001
SENDER ONE CLIMBING 401(K) PLAN	45-3573007	001
ADP TOTALSOURCE RETIREMENT SAVINGS PLAN	59-2452824	001

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

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

A Name of plan <u>EMPLICITY 401(K) RETIREMENT SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>333</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>STAFFPAY, INC.</u>	D Employer Identification Number (EIN) <u>33-0680357</u>

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): <u>65-0708495</u>		
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

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2018
v. 171027

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

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

a The current year

b The plan year immediately preceding the current plan year

c The second preceding plan year

14a**14b****14c**

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

a The corresponding number for the plan year immediately preceding the current plan year

b The corresponding number for the second preceding plan year

15a**15b**

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

a Enter the number of employers who withdrew during the preceding plan year

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers

16a**16b**

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

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

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

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

- a** Enter the percentage of plan assets held as:

Stock: _____ % Investment-Grade Debt: _____ % High-Yield Debt: _____ % Real Estate: _____ % Other: _____ %

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):



**EMPLICITY
401(k) RETIREMENT SAVINGS PLAN**

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

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INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator and Participants of the
Emplicity 401(k) Retirement Savings Plan

Report on the Financial Statements

We have audited the accompanying financial statements of Emplicity 401(k) Retirement Savings Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statements of changes in net assets available for benefits for the years ended December 31, 2018 and 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2018 and 2017, and the changes in net assets available for benefits for the years ended December 31, 2018 and 2017, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule 1 as of December 31, 2018 is presented for the purpose of additional analysis and is not a required part of the financial statements, but is supplementary information required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KSJG, LLP
August 27, 2019

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

**EMPLICITY
401(k) RETIREMENT SAVINGS PLAN**

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

ASSETS

	<u>2018</u>	<u>2017</u>
Receivables:		
Employers' contributions	\$ 32,249	\$ 18,020
Participants' contributions	57,200	34,566
Other receivables	3,766	1,419
Notes receivable from participants	<u>305,611</u>	<u>224,584</u>
Total receivables	<u>398,826</u>	<u>278,589</u>
Investments at fair value (Note 3):		
Mutual funds	25,364,574	23,586,421
Self-directed brokerage account	<u>174,660</u>	<u>164,294</u>
Total investments	<u>25,539,234</u>	<u>23,750,715</u>
Total assets	<u>25,938,060</u>	<u>24,029,304</u>

LIABILITIES

Benefit claims payable	--	94,858
Excess contributions payable	<u>--</u>	<u>26,110</u>
Total liabilities	<u>--</u>	<u>120,968</u>
Net assets available for benefits	<u>\$ 25,938,060</u>	<u>\$ 23,908,336</u>

See accompanying notes to financial statements

**EMPLICITY
401(k) RETIREMENT SAVINGS PLAN**

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

	<u>2018</u>	<u>2017</u>
Additions to net assets attributed to:		
Investment (loss) income:		
Net (depreciation) appreciation in fair value of investments	\$ (2,352,804)	\$ 2,803,501
Interest and dividend income	841,070	621,683
Other investment (loss) income	<u>(18,794)</u>	<u>3,185</u>
Total investment (loss) income	<u>(1,530,528)</u>	<u>3,428,369</u>
Interest income on notes receivable from participants	<u>11,829</u>	<u>11,698</u>
Contributions:		
Employer	1,025,945	600,353
Participants	2,586,243	2,174,219
Rollovers	<u>62,572</u>	<u>603,354</u>
Total contributions	<u>3,674,760</u>	<u>3,377,926</u>
Total additions	<u>2,156,061</u>	<u>6,817,993</u>
Deductions from net assets attributed to:		
Benefits paid to participants	2,491,523	1,697,517
Corrective distributions	--	26,110
Administrative expenses	<u>182,045</u>	<u>156,813</u>
Total deductions	<u>2,673,568</u>	<u>1,880,440</u>
Net (decrease) increase in assets	(517,507)	4,937,553
Transfer of assets in (out) of this plan (Note 4)	2,547,231	(1,427,345)
Net assets available for benefits - beginning of year	<u>23,908,336</u>	<u>20,398,128</u>
Net assets available for benefits - end of year	<u>\$ 25,938,060</u>	<u>\$ 23,908,336</u>

See accompanying notes to financial statements

EMPLICITY
401(k) RETIREMENT SAVINGS PLAN

Notes to Financial Statements
December 31, 2018 and 2017

NOTE 1 - DESCRIPTION OF PLAN

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

General - Emplicity is a Professional Employer Organization (PEO) formally known as Staffpay, Inc. The Plan is a multiple employer defined contribution plan, as defined under Section 413(c) of the Internal Revenue Code covering the eligible participants of employers subscribing to the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Emplicity's multiple employer defined contribution plan allows for client-specific provisions that each client can select in the areas of age and service eligibility requirements, vesting schedule, employer match contributions and profit sharing contributions. Participants should refer to the Plan agreement for more detailed information of the Plan's provisions.

Contributions - Participants' contributions are made to the Plan by means of salary deferral by which the participant is entitled to defer between 1% to 50% of their compensation or a fixed amount determined annually by the Internal Revenue Service. The participating employers will also match participant contributions as defined under the employer's elected plan design. Employer contributions of \$1,025,945 and \$600,353 were made to the Plan for the years ended December 31, 2018 and 2017, respectively.

Participant Accounts - Each participant's account is credited with the participant's contributions, employer's contributions, and an allocation of the Plan's earnings. The Plan's administrative expenses are also allocated and charged to each participant's account. Allocations are based on participant account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested interest in their account.

Notes Receivable from Participants - Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loan transactions are treated as a transfer to (from) the investment fund from (to) the Loans to Participants fund. Loans must be repaid within five years, except in limited circumstances, such as the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the plan administrator. Interest rates ranged from 4.25% to 7.00% at December 31, 2018. Principal and interest is paid ratably through payroll deductions.

(Note 1 continued on the following page)

**EMPLICITY
401(k) RETIREMENT SAVINGS PLAN**

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

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Vesting - Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the remainder of their accounts is based on years of continuous service and the provisions of the plan design elected by the participant's employer. Participants should refer to the Plan agreement for more detailed information regarding the Plan's vesting schedule.

Payment of Benefits - Upon attainment of age 59 ½, termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or installment payments.

Forfeitures - Amounts forfeited from a terminating participant's non-vested portion of the participant's employer's contributions and earnings on employer's contributions will be used to pay administrative expenses of the Plan and then to reduce the future contributions of that employer. The Plan had \$129,962 and \$129,061 of non-vested forfeitures available to pay administrative expenses of the Plan or to reduce future contributions as of December 31, 2018 and 2017, respectively. During the years ended December 31, 2018 and 2017, forfeitures used to pay for administrative expenses of the Plan or to reduce employer contributions were \$48,821 and \$44,984, respectively.

Investments - Each participant directs the allocation of his or her contribution, and employer minimum and discretionary matching contributions to one or more of 35 investment options. Participants may also elect to allocate contributions to a self-directed brokerage account for a fee.

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

**EMPLICITY
401(k) RETIREMENT SAVINGS PLAN**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting.

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

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. See Note 3 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net (depreciation) appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

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

Administrative Expenses - Administrative expenses are paid by the Plan unless paid by the participating employers or the PEO.

Subsequent Events - The Plan evaluated subsequent events through August 27, 2019, the date these financial statements were issued. With the exception of the event in Note 8, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

EMPLICITY
401(k) RETIREMENT SAVINGS PLAN

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

NOTE 3 - FAIR VALUE MEASUREMENTS

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

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
Level 2	Inputs to the valuation methodology include: • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

(Note 3 continued on the following page)

**EMPLICITY
401(k) RETIREMENT SAVINGS PLAN**

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

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value.

Registered investment companies (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 Securities and Exchange Commission. 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.

Self-directed brokerage accounts: Accounts primarily consist of mutual funds and common stocks that are valued on the basis of readily determinable market prices.

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

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

<i>Assets at Fair Value as of December 31, 2018</i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Mutual funds	\$ 25,364,574	\$ --	\$ --	\$ 25,364,574
Self-directed brokerage account	174,660	--	--	174,660
Total assets at fair value	<u>\$ 25,539,234</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 25,539,234</u>

<i>Assets at Fair Value as of December 31, 2017</i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Mutual funds	\$ 23,586,421	\$ --	\$ --	\$ 23,586,421
Self-directed brokerage account	164,294	--	--	164,294
Total assets at fair value	<u>\$ 23,750,715</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 23,750,715</u>

**EMPLICITY
401(k) RETIREMENT SAVINGS PLAN**

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

NOTE 4 - TRANSFER OF ASSETS

During the years ended December 31, 2018 and 2017, certain companies within the Emplicity 401(k) Retirement Savings Plan were transferred in (out) of the Plan. As a result, there was a net transfer of \$2,547,231 and \$(1,427,345) in (out) of the Plan, respectively.

NOTE 5 - PLAN TERMINATION

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

NOTE 6 - TAX STATUS

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

The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2018 and 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2015.

**EMPLICITY
401(k) RETIREMENT SAVINGS PLAN**

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

NOTE 7 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of benefit claims payable per the financial statements to the Form 5500 for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Benefit claims payable per the financial statements	\$ --	\$ 94,858
Less: current year benefit claims payable	<u>--</u>	<u>(94,858)</u>
Benefit claims payable per Form 5500	\$ <u><u>--</u></u>	\$ <u><u>--</u></u>

The following is a reconciliation of benefit payments paid per the financial statements to the Form 5500 for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Benefit payments paid to participants per the financial statements	\$ 2,491,523	\$ 1,697,517
Add: prior year benefit claims payable	94,858	--
Less: current year benefit claims payable	<u>--</u>	<u>(94,858)</u>
Benefit payments paid to participants per Form 5500	\$ <u><u>2,586,381</u></u>	\$ <u><u>1,602,659</u></u>

NOTE 8 – SUBSEQUENT EVENT

As of March 1, 2019, the Plan secured a fidelity bond in the name of the Plan that meets ERISA requirements.

**EMPLICITY
401(k) RETIREMENT SAVINGS PLAN**

**Supplemental Information
December 31, 2018**

Schedule H, line 4i - Schedule of Assets (Held at End of Year)

EIN #33-0680357

PN #333

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current Value	
American Funds	American Funds American Balanced R6	N/A	\$	1,042,186
American Funds	American Funds EuroPacific R6	N/A		221,489
American Funds	American Funds New Perspective R6	N/A		438,141
BlackRock	BlackRock High Yield Bond	N/A		379,406
DFA	DFA US Targeted Port	N/A		363,155
Fidelity	Fidelity SDB	N/A		174,660
Franklin/Templeton	Templeton Global Bond R6	N/A		171,569
John Hancock	John Hancock Disciplined Value R6	N/A		852,772
Loomis Sayles	Loomis Sayles Investment Grade Bond N	N/A		302,505
Mass Mutual	Select Mid Cap Growth Fund	N/A		249,464
MFS	MFS Utilities Fund Class R5	N/A		107,067
Oppenheimer Funds	Oppenheimer Developing Markets I	N/A		230,235
Putnam	Putnam Stable Value	N/A		1,765,949
T Rowe Price	T Rowe Price Instl. Large Cap Core Growth	N/A		997,056
T Rowe Price	T Rowe Price New Era	N/A		100,283
T Rowe Price	T Rowe Price US Small Cap	N/A		519,852
Vanguard	Vanguard 500 Index Admiral	N/A		3,262,879
Vanguard	Vanguard Inflation Protected Securities	N/A		97,895
Vanguard	Vanguard Mid Cap Index Admiral	N/A		505,788
Vanguard	Vanguard REIT Index Admiral	N/A		213,392
Vanguard	Vanguard Select Value	N/A		160,936
Vanguard	Vanguard Small Cap Index Admiral	N/A		428,562
Vanguard	Vanguard Target Retirement 2015	N/A		99,234
Vanguard	Vanguard Target Retirement 2020	N/A		1,073,370
Vanguard	Vanguard Target Retirement 2025	N/A		1,115,963
Vanguard	Vanguard Target Retirement 2030	N/A		2,422,559
Vanguard	Vanguard Target Retirement 2035	N/A		2,024,649
Vanguard	Vanguard Target Retirement 2040	N/A		1,688,853
Vanguard	Vanguard Target Retirement 2045	N/A		980,100

(Schedule 1 continued on the following page)

EMPLICITY
401(k) RETIREMENT SAVINGS PLAN

Supplemental Information
December 31, 2018

Schedule H, line 4i - Schedule of Assets (Held at End of Year)

EIN #33-0680357

PN #333

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current Value
	Vanguard	Vanguard Target Retirement 2050	N/A	1,047,582
	Vanguard	Vanguard Target Retirement 2055	N/A	895,604
	Vanguard	Vanguard Target Retirement 2060	N/A	294,605
	Vanguard	Vanguard Target Retirement 2065 Inv	N/A	39,846
	Vanguard	Vanguard Target Retirement Income	N/A	277,178
	Vanguard	Vanguard Total Bond Market Index Admiral	N/A	550,906
	Vanguard	Vanguard Total Int'l Stock Index Admiral	N/A	443,544
	Total Investments			25,539,234
*	Notes Receivable from Participants	Interest rates ranging from 4.25% - 7.00% with maturity dates through October 2046	--	305,611
	Total assets held for investment purposes at end of year			\$ 25,844,845

* - Party-in-interest as defined by ERISA for which a statutory exemption exists.

N/A - Cost information is not required for participant-directed investments and therefore is not included.

Multiple-Employer Plan Participating Employer Information

EMPLICIT 401(K) RETIREMENT SAVINGS PLAN		Plan #: 333	EIN: 33-0680357
(a) Name of participating employer	(b) EIN	(c) Percent of Total Contributions	
2.0 Realty Partners, LLC dba A Street Partners	82-3340682	0.54%	
20/20 Financial Advisers of Orange County	47-2342809	0.85%	
3P Technology Systems, Inc.	81-0767672	0.66%	
AVN Media Network, Inc.	20-5531626	4.68%	
Breathe California of Los Angeles County	95-1641451	0.01%	
C Solutions (Matthew Roberson)	14-1948531	0.35%	
Citadel Defense Company	81-2045062	5.57%	
Constellation Behavioral Health, LLC	90-0961194	0.01%	
Corporate Office Interiors, Inc. dba SOURCE Creative Office	27-0800817	5.52%	
EZ Shipper Racks, Inc.	20-1355389	0.25%	
Giantsource Inc.	45-4279806	2.21%	
Hearth & Home, Inc	82-5356663	0.05%	
Home Dialysis Therapies of San Diego	20-1005110	0.68%	
Illumination Foundation	71-1047686	9.28%	
IMI USA, Inc.	20-2340315	4.85%	
Lava Mae	81-0832318	1.08%	
Linked Learning Alliance	47-3798868	0.36%	
MSO Inc. of Southern California	95-4836693	5.14%	
Muir Wood, LLC	46-2794167	2.66%	
My Metal Business Card, LLC	46-1862953	0.97%	
Net Impact	03-0552976	0.88%	
OKLS, Inc. dba Okell's Fireplace	94-3011552	0.89%	
Ollivier Corporation	94-3122826	0.53%	
Pacific Battleship Center	26-3934742	0.27%	
Pacific Powder Coating, Inc.	68-0145409	1.62%	
Pak Group LLC	90-0867875	3.57%	
Pallet Masters, Inc.	95-4334678	2.38%	
Paul E. Nick	36-3343841	0.11%	
PowerPAC.org	65-1218474	1.78%	
RehabOne Medical Group, Inc.	20-2146905	6.50%	
SIGIS & Special Interest Group for IIAS Standards, Inc.	75-3262530	1.99%	
Socal Jet Services, Inc.	39-2053452	2.24%	
Spilo Worldwide	95-4350815	0.82%	
Spirit Holding, Inc. and EZ Access Storage, LLC	95-4656294	0.43%	
SpringboardAuto.com	47-2789752	3.56%	
Staffpay, Inc. dba Emplicity	33-0680357	5.83%	
Surreal System LLC	82-3933003	0.54%	
Taylor Digital, LLC	20-4604817	2.23%	
The Mark Company, Inc.	94-3290318	1.42%	
TRI Facility Services, Inc.	94-2383441	0.01%	
Ubrands, LLC	46-4476918	1.43%	
Watersafe Swim School, Inc.	33-0989804	1.21%	
West One Music Group, Inc.	64-0952226	0.20%	
Winspire, Inc.	26-2328198	7.64%	
WSH Management, Inc.	33-0907545	6.18%	

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR).

EMPLICITY 401(K) RETIREMENT SAVINGS PLAN

Plan #: 333

EIN: 33-0680357

(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
	BlackRock	BRHYX - BlackRock High Yield Bond		379,406
	DFA	DFFVX - DFA US Targeted Value I		363,155
	Franklin/Templeton	FBNRX - Templeton Global Bond R6		171,569
	Fidelity Self-Directed Brokera	FISDB - Fidelity SDB		174,660
	John Hancock	JDVWX - JOHN HANCOCK DISCIPLINED VALUE R6		852,772
	Loomis Sayles	LGBNX - Loomis Sayles Investment Grade Bond N		302,505
	MassMutual	MEFZX - MassMutual Select Mid Cap Growth Fund CI		249,464
	MFS	MMUKX - MFS Utilities Fund Class R5		107,067
	Oppenheimer Funds	ODVIX - Oppenheimer Developing Markets I		230,236
	T Rowe Price	PRNEX - T_ Rowe Price New Era		100,283
	Putnam	QCLZQ - Putnam Stable Value		1,765,949
	American Funds	RERGX - American Funds EuroPacifc R6		221,489
	American Funds	RLBGX - American Funds American Balanced R6		1,042,186
	American Funds	RNPGX - American Funds New Perspective R6		438,141
	T Rowe Price	TPLGX - T_ Rowe Price Instl Large Cap Core Growt		997,056
	T Rowe Price	TQAIX - T_ Rowe Price QM US Small-Cap Gr Eq I		519,853
	Vanguard	VAIPX - Vanguard Inflation Protected Securities		97,895
	Vanguard	VASVX - Vanguard Select Value		160,936
	Vanguard	VBTLX - Vanguard Total Bond Market Index Admiral		550,906
	Vanguard	VFFVX - Vanguard Target Retirement 2055		895,604
	Vanguard	VFIAX - Vanguard 500 Index Admiral		3,262,878
	Vanguard	VFIFX - Vanguard Target Retirement 2050		1,047,582
	Vanguard	VFORX - Vanguard Target Retirement 2040		1,688,853
	Vanguard	VGSLX - Vanguard Real Estate Index Admiral		213,392
	Vanguard	VIMAX - Vanguard Mid Cap Index Admiral		505,787
	Vanguard	VLXVX - Vanguard Target Retirement 2065 Inv		39,846
	Vanguard	VSMAX - Vanguard Small Cap Index Admiral		428,562
	Vanguard	VTHRX - Vanguard Target Retirement 2030		2,422,559
	Vanguard	VTIAX - Vanguard Total Int'l Stock Index Admiral		443,545
	Vanguard	VTINX - Vanguard Target Retirement Income		277,178
	Vanguard	VTIVX - Vanguard Target Retirement 2045		980,100
	Vanguard	VTTHX - Vanguard Target Retirement 2035		2,024,649
	Vanguard	VTTSX - Vanguard Target Retirement 2060		294,605
	Vanguard	VTTVX - Vanguard Target Retirement 2025		1,115,963
	Vanguard	VTWNX - Vanguard Target Retirement 2020		1,073,370
	Vanguard	VTXVX - Vanguard Target Retirement 2015		99,234
	Participant Loans	4.25% - 6.50%		305,611