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

2016

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

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
- [X] the DFVC program
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
FIRST ALARM EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

1b Three-digit plan number (PN) ▶ 002

1c Effective date of plan 01/01/2009

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)

FIRST ALARM, INC.

1111 ESTATE DRIVE
APTOS, CA 95003-3500

2b Employer Identification Number (EIN)
94-2882805

2c Plan Sponsor's telephone number
831-688-1111

2d Business code (see instructions)
561600

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.	11/01/2019	JARL SAAL
	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

Preparer's name (including firm name, if applicable) and address (include room or suite number)

Preparer's telephone number

3a Plan administrator's name and address ☐ Same as Plan Sponsor

FIRST ALARM

1111 ESTATE DRIVE
APTOS, CA 95003-3500

3b Administrator's EIN: 94-2882805

3c Administrator's telephone number: 831-688-1111

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	1110
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)**	1116
a(2)	Total number of active participants at the end of the plan year	**6a(2)**	850
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	304
d	Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d**	1154
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	3
f	Total. Add lines **6d** and **6e**.	**6f**	1157
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	1133
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	179
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:

2O 3H 2I

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)** ☐ 0 **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 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

SCHEDULE H (Form 5500)

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

2016

This Form is Open to Public Inspection

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
FIRST ALARM EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
FIRST ALARM, INC.

D Employer Identification Number (EIN)
94-2882805

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	67473	892
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	564327	0
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	6185	4885
(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)		
(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)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)	2715100	3734925
	(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	3353085	3740702
	Liabilities			
g	Benefit claims payable	1g	91536	5776
h	Operating payables	1h		
i	Acquisition indebtedness	1i	669936	0
j	Other liabilities	1j	6449	0
k	Total liabilities (add all amounts in lines 1g through1j)	1k	767921	5776
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	2585164	3734926

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)	130286	
	(B) Participants	2a(1)(B)		
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		130286
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)		
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		0
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)	1753225	
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		1753225
	(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)	-733399	
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		-733399

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		1150112
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)		
(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)		0
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	350	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		350
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		350
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		1149762
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

(1) [X] 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 [X] No

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

(1) Name: HUTCHINSON & BLOODGOOD LLP **(2)** EIN: 95-0858589

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

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

Part IV Compliance Questions

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

During the plan year:

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

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		1000000
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			
o	Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o			

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

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.)

Part V Trust Information

6a Name of trust	**6b** Trust's EIN

6c Name of trustee or custodian	**6d** Trustee's or custodian's telephone number

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

2016

This Form is Open to Public Inspection.

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
FIRST ALARM EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
FIRST ALARM, INC.

D Employer Identification Number (EIN)
94-2882805

Part I Distributions

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

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions ..... 1 | 0

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

EIN(s): _____ _____

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 of 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: 0.0 % 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):

Part VII IRS Compliance Questions

20a Is the plan a 401(k) plan? If "No," skip b	☐ Yes	☐ No
20b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Current year" ADP test	☐ "Prior year" ADP test ☐ N/A
21a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test	☐ Average benefit test ☐ N/A
21b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes	☐ No

22a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter ____/____/____ and the serial number _____.

22b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter ____/____/____.

First Alarm Employee Stock Ownership Plan And Trust

Financial Statements

Years ended December 31, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

To the Trustees of
First Alarm Employee Stock Ownership Plan and Trust
Aptos, California

Report on the Financial Statements

We have audited the accompanying financial statements of First Alarm Employee Stock Ownership Plan and Trust (the Plan) which comprise the statements of net assets (deficit) available for benefits as of December 31, 2016 and 2015, the related statements of changes in net assets (deficit) available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 entity'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 entity'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.

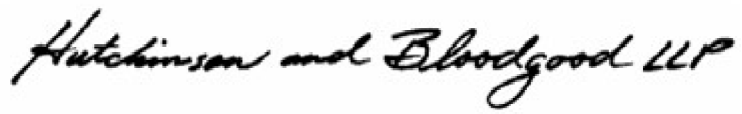
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets (deficit) available for benefits of the Plan as of December 31, 2016 and 2015, and the changes in net assets (deficit) available for benefits for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter—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 of assets (held at end of year) as of December 31, 2016 is presented for the purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor 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 prepared 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.



September 5, 2019

FIRST ALARM EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Statements of Net Assets (Deficit) Available for Benefits
December 31, 2016 and 2015

	2016			2015		
	Allocated	**Unallocated**	**Total**	Allocated	Unallocated	Total
ASSETS						
Cash, non-interest bearing	**$ 4,885**	**$ --**	**$ 4,885**	$ 6,185	$ --	$ 6,185
First Alarm common stock, at fair value	**1,981,700**	**--**	**1,981,700**	2,064,120	650,980	2,715,100
First Alarm Security & Patrol common stock, at fair value	**1,753,225**	**--**	**1,753,225**	--	--	--
Total cash and investment	**3,739,810**	**--**	**3,739,810**	2,070,305	650,980	2,721,285
Receivables:						
Employer contributions receivable	**--**	**--**	**--**	564,327	--	564,327
Other receivable	**892**	**--**	**892**	67,473	--	67,473
Total receivables	**892**	**--**	**892**	631,800	--	631,800
Total assets	**3,740,702**	**--**	**3,740,702**	2,702,105	650,980	3,353,085
LIABILITIES						
Payable to First Alarm	**5,777**	**--**	**5,777**	91,536	--	91,536
Current portion of ESOP loan	**--**	**--**	**--**	--	669,936	669,936
Total current liabilities	**5,777**	**--**	**5,777**	91,536	669,936	761,472
Total liabilities	**5,777**	**--**	**5,777**	91,536	669,936	761,472
Net assets (deficit) available for benefits	**$ 3,734,925**	**$ --**	**$ 3,734,925**	$ 2,610,569	$ (18,956)	$ 2,591,613

See Notes to Financial Statements.

FIRST ALARM EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Statements of Changes in Net Assets (Deficit) Available for Benefits
Years ended December 31, 2016 and 2015

	2016			2015		
	Allocated	**Unallocated**	**Total**	Allocated	Unallocated	Total
ADDITIONS TO NET ASSETS ATTRIBUTED TO:						
Investment income (loss):						
Net appreciation (depreciation) in fair value of investments	**$ (733,400)**	**$ --**	**$ (733,400)**	$ 117,002	$ 36,898	$ 153,900
Dividend income	**1,753,225**	**--**	**1,753,225**	--	--	--
Other income	**--**	**--**	**--**	5,605	--	5,605
Employer cash contribution	**--**	**130,286**	**130,286**	578,207	183,950	762,157
Allocation of 45,554 shares of common stock of First Alarm, at fair value	**650,980**	**--**	**650,980**	672,746	--	672,746
Total additions	**1,670,805**	**130,286**	**1,801,091**	1,373,560	220,848	1,594,408
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:						
Benefit payments to participants or beneficiaries	**--**	**--**	**--**	87,926	--	87,926
Interest expense	**--**	**6,799**	**6,799**	--	21,198	21,198
Allocation of 45,554 shares of common stock of First Alarm, at fair value	**--**	**650,980**	**650,980**	--	672,746	672,746
Total deductions	**--**	**657,779**	**657,779**	87,926	693,944	781,870
Net increase (decrease)	**1,670,805**	**(527,493)**	**1,143,312**	1,285,634	(473,096)	812,538
Transfer to debt service	**(546,449)**	**546,449**	**--**	(557,249)	557,249	--
NET ASSETS AVAILABLE FOR BENEFITS						
Beginning of year	**2,610,569**	**(18,956)**	**2,591,613**	1,882,184	(103,109)	1,779,075
End of year	**$ 3,734,925**	**$ --**	**$ 3,734,925**	$ 2,610,569	$ (18,956)	$ 2,591,613

See Notes to Financial Statements.

NOTE 1. DESCRIPTION OF THE PLAN

The following description of the First Alarm Employee Stock Ownership Plan and Trust (the Plan) is provided for general information purposes only. More complete information regarding the Plan's provisions may be found in the Plan document.

General: First Alarm and First Alarm Security and Patrol, Inc. (the Companies) established the Plan effective January 1, 2009. The Plan operates as a leveraged employee stock ownership plan (ESOP) and is designed to comply with Section 4975(e)(7) and regulations thereunder of the Internal Revenue Code of 1986, as amended (IRC) and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

During 2013, the Plan purchased 190,000 shares of First Alarm's common stock with a $701,400 down payment along with a $2,040,300 loan to the stockholder (see Note 7) and holds the common stock in a trust established under the Plan. As the Plan makes debt payments, an appropriate percentage of stock will be allocated to eligible employees' accounts in accordance with applicable regulations under the IRC.

The borrowing is collateralized by the unallocated shares of common stock and is guaranteed by the Companies. The lender has no rights against shares of common stock once they are allocated to participants in accordance with the terms of the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2016 and 2015, and for the years then ended, present separately the assets and liabilities and changes therein pertaining to:

- the accounts of employees with vested rights in allocated common stock (allocated), and
- common stock not yet allocated to employees (unallocated).

Eligibility: Employees of the Companies are generally eligible to participate in the Plan if over the age of 21 and have completed one year of service with one thousand hours and are not covered under a union collective bargaining agreement. Participants who do not have at least 1,000 hours of service during such plan year or are not employed on the last working day of a plan year are generally not eligible for an allocation of the Companies contributions for such year.

Employer Contributions: The Companies are obligated to make contributions in cash to the Plan which, when aggregated with the Plan's dividends and interest earnings, equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its term loan. Participants are not allowed to make contributions to the Plan and rollovers to the Plan are not accepted.

NOTE 1. DESCRIPTION OF THE PLAN (CONTINUED)

Participant Accounts: The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited as of the last day of each Plan year with an allocation of shares of First Alarm's common stock released by the Trustee from the unallocated account and forfeitures of terminated participants' nonvested accounts. Only those participants who are eligible employees of the Companies as of the last day of the plan year will receive an allocation. Allocations are based on a participant's eligible compensation, relative to total eligible compensation. Plan earnings are allocated to each participant's account based on the ratio of the participant's account balance.

Vesting: Vesting is based on years of continuous service in the Plan. A participant is vested after years of credited service per the following schedule:

Years of Service	Percentage
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6	100%

Also, a participant will be credited with one year of service for every seven years of service credited prior to the effective date of the Plan, January 1, 2009. The value of a participant's account shall become fully vested when the participant attains his or her normal retirement age while an employee, or upon his or her severance from the employment by reason of death.

Put Option: Under federal income tax regulations, the employer stock that is held by the Plan and its participants and is not readily tradable on an established market, or is subject to trading limitations, includes a put option. The put option is a right to demand that the Companies buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the current value of the stock. The Companies can pay for the purchase with interest over a period of five years. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

Voting Rights: Each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account and is notified by the Trustee prior to the time that such rights are to be exercised. The Trustee is not permitted to vote any allocated share for which instructions have not been given by a participant. The Trustee is required, however, to vote any unallocated shares on behalf of the collective best interest of Plan participants and beneficiaries.

NOTE 1. DESCRIPTION OF THE PLAN (CONTINUED)

Payments of Benefits: Distribution of benefits shall be limited to those portions of a participant's vested account. Upon death, disability, or attaining normal retirement age, a participant or beneficiary may elect to receive the value of his or her account as a lump sum amount payable to the participant or his or her beneficiary no later than one year after the end of the plan year in which the participant dies, becomes disabled, or attains normal retirement age. If a participant's entire vested account exceeds $5,000 and distribution is due to other than the participant reaching normal retirement age, disability or death, the distribution of such account shall commence during, but before the end of, the sixth plan year following the plan year in which the participant has a severance from employment. If a participant's entire vested account does not exceed $5,000, the distribution of such account shall be made as soon as administratively feasible after the end of the plan year in which the participant has severance from employment. The amount to be distributed is based upon the account valuation date immediately preceding the distribution. Distributions are made in cash or, if a participant elects, in the form of First Alarm's common stock plus cash for any fractional share of common stock. Under the provisions of the Plan, the Companies are obligated to repurchase participant shares, which have been distributed under the terms of the Plan if the shares are not publicly traded or if the shares are subject to trading limitations. During 2016 and 2015, the Companies did not repurchase any shares from participants.

Diversification: Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in First Alarm's common stock into investments which are more diversified. Participants who are at least age 55 with at least 10 years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a 6-year period. In each of the first 5 years, a participant may diversify up to 25 percent of the number of post-1986 shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50 percent. Participants who elect to diversify receive a cash distribution.

Administrative Expenses: The Companies pay all Plan expenses, and if such expenses remain unpaid for a period of sixty days, they may be paid from the Plan.

Forfeitures: The non-vested portion of a terminated participant's account balance remains in the Plan and is called a forfeiture. Forfeitures are allocated to each remaining participant's account based upon the relation of the participant's compensation to total compensation of all such participants for the Plan year. Stock forfeitures allocated to remaining participants at December 31, 2016 and 2015, totaled 2,976 and 4,104 shares, respectively. No cash forfeitures were allocated to remaining participants at December 31, 2016 and 2015.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements of the Plan are prepared using the accrual method of accounting.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan administrator to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and reported amounts during the reporting period. Accordingly, actual results may differ from those estimates.

Allocations: The financial statements of the Plan present separately the assets and liabilities and changes therein pertaining to (a) the accounts of employees with rights in allocated stock ("allocated") and (b) stock not yet allocated to employees ("unallocated"), including shares that are committed to be released. Shares are released from collateral and become allocated generally in the period in which debt service is actually paid.

Risks and Uncertainties: The Plan investments consist primarily of First Alarm's common stock, which is exposed to various risks such as interest rate, market, and credit risks, as well as valuation assumptions based on earnings, cash flows and/or other such techniques. Due to the level of risk associated with the investment in the common stock and to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in the value of the common stock will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

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 6 for discussion of fair value.

Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from security transactions are reported on the average cost method. Dividend income is accrued on the ex-dividend date. Net appreciation (depreciation) in the fair value of investments consists of net realized gains or losses and the net unrealized gains or losses in the fair value of investments bought and sold as well as held during the year.

Subsequent Events: The Plan's management has evaluated subsequent events through September 5, 2019, the date of issuance of the financial statements. Management is not aware of any subsequent events that would require additional recognition or disclosure in the financial statements.

NOTE 3. TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service dated September 23, 2013, stating that the Plan is qualified, under the IRC and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is currently designed, and being operated, in compliance with the applicable requirements of the IRC. Therefore, they believe that the Plan was qualified, and the related trust was tax-exempt as of the financial statement date.

Accounting principles generally accepted in the United States of America require the Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken uncertain tax positions that more-likely-than-not would not be sustained upon examination by applicable taxing authorities. The Plan management has analyzed tax positions taken by the Plan and concluded that, as of December 31, 2016, there are no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or that would require disclosure in the financial statements.

The Plan's 2016 and 2017, Forms 5500 have not been filed timely with the Department of Labor (DOL). The Companies are in the process of correcting this error pursuant to the IRS Voluntary Fiduciary Correction Program and will pay any penalties associated with the late filings. The Companies believe that the final outcome will not have a material effect on the Plan's accompanying financial statements or any impact to the Plan's qualified tax status.

NOTE 4. ADMINISTRATION OF PLAN ASSETS

The Plan's assets, which consist principally of First Alarm's common shares and First Alarm Security and Patrol's common shares, are held by the Trustee of the Plan.

The Companies contributions are held and managed by the Trustee, which invests cash received, interest, and dividend income and makes distributions to participants. The Trustee also administers the payment of interest and principal on the loan.

Certain administrative functions are performed by officers or employees of the Companies or its subsidiaries. No such officer or employee receives compensation from the Plan. Administrative expenses for the Trustee's fees are paid directly by the Companies.

NOTE 5. INVESTMENTS

The Plan's investment in First Alarm Company common shares at December 31 is as follows:

	2016		
	Allocated	**Unallocated**	**Total**
Number of shares	**190,000**	**--**	**190,000**
Market value	**$ 1,981,700**	**$ --**	**$ 1,981,700**
Cost	**$ 2,741,700**	**$ --**	**$ 2,741,700**

	2015		
	Allocated	Unallocated	Total
Number of shares	144,446	45,554	190,000
Market value	$ 2,064,120	$ 650,980	$ 2,715,100
Cost	$ 2,084,356	$ 657,344	$ 2,741,700

As of December 31, 2016, the Plan also owned 475 shares of First Alarm Security and Patrol, Inc. (FASP) at a fair value of $1,753,225, which equals its cost/basis. In June 2016, First Alarm spun-off its 100% ownership in FASP to its shareholders. The ESOP received 475 shares in the transaction and First Alarm and FASP became members of a brother-sister controlled group for purposes of the Plan. The receipt of the shares is reported as dividend income on the statement of changes in net assets. In July 2018, the shares of FASP were sold to an unrelated party.

NOTE 6. FAIR VALUE MEASUREMENTS

The fair value measurement topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification 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 are described below:

- Level 1. Inputs to 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.

NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

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

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2016 and 2015.

The fair value of First Alarm and First Alarm Security & Patrol, Inc. common stock held by the Plan are valued at fair value as determined by an independent appraiser generally using a combination of market and income valuation techniques. The market approach utilized the Guideline Transactions Method and concentrated on multiples of revenue, recurring monthly revenue, and gross profit. The income approach utilized the Capitalized Returns Method for First Alarm and the Discounted Cash Flow Method for First Alarm Security & Patrol, Inc. In addition, the appraiser took into account historical and projected cash flow and net income, return on assets, return on equity, market comparables, and fair value of the Companies assets and liabilities. Plan management has concluded that a market participant would also recognize a discount for lack of marketability.

The valuation process involves Plan management's selection of an independent appraiser. Plan management accumulates the data for the appraiser from the 2008-2016 reviewed financial statements of the Companies. The appraiser prepares a preliminary report which plan management, along with the ESOP administrator, reviews in detail, discusses, and approves. The results of this process are documented in the minutes of the Plan fiduciary.

The methods described above 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, 2016 and 2015:

	Assets at fair value as of December 31, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
First Alarm Company stock	**$ --**	**$ --**	**$ 1,981,700**	**$ 1,981,700**
First Alarm Security & Patrol Company stock	--	--	**1,753,225**	**1,753,225**
	$ --	$ --	**$ 3,734,925**	**$ 3,734,925**

NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

	Assets at fair value as of December 31, 2015			
	Level 1	Level 2	Level 3	Total
First Alarm Company stock	**$ --**	**$ --**	$ 2,715,100	$ 2,715,100

The following table sets forth a summary of changes in the fair value of the Plan's level 3 assets for the years ended December 31, 2016 and 2015:

	2016	2015
Balance, beginning of year	**$ 2,715,100**	$ 2,561,200
Share dividend income	**1,753,225**	--
Unrealized gains (losses) relating to assets still held at the reporting date	**(733,400)**	153,900
Balance, end of year	**$ 3,734,925**	$ 2,715,100

NOTE 7. LOAN PAYABLE

In 2013, the Plan entered into a $2,040,300 loan agreement with the stockholder to finance the purchase of First Alarm common stock. Unallocated shares are collateral for the loan; initially 141,392 of shares were pledged as collateral. Shares are released from collateral and allocated to participants as payments of principal and interest are made. The number of shares released in any year is the number of shares held as collateral, times the ratio of the current year payments divided by the total of this year's payments, plus all future years' principal and interest payments.

The note payable requires monthly principal payments of $60,000 plus interest at 2% with a final due date of December 1, 2016. The loan was paid off by December 31, 2016.

NOTE 8. RELATED PARTY AND PARTY-IN-INTEREST TRANSACTIONS

Certain officers and employees of the Companies (who may also be participants in the Plan) perform administrative services related to the operation and financial reporting of the Plan. The Companies pay these individuals salaries and also pay other administrative expenses on behalf of the Plan. These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory and administrative exemptions from the IRC and ERISA's rules on prohibited transactions.

The Plan invests in First Alarm and First Alarm Security and Patrol, Inc. common stock and had indebtedness guaranteed by the Companies. These are related party and party-in-interest transactions.

In addition, the Plan has a number of service providers. Such providers are parties in interest under ERISA. Fees paid during the year for administrative services rendered by parties in interest were based on customary and reasonable rates for such services and are paid by the Companies.

NOTE 9. AMOUNT DUE TO TERMINATED PARTICIPANTS

As of December 31, 2016 and 2015, net assets available for Plan benefits due to participants who have withdrawn from participation in the Plan, but have not yet been paid, was $0.

NOTE 10. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right to discontinue its contributions at any time and terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms and the IRC. Upon termination of the Plan, Companies' management should direct the Trustee to pay all liabilities and expenses of the trust fund and to sell shares of financed common stock held in the loan suspense account to the extent it determines such sale to be necessary in order to repay the loan.

NOTE 11. EMPLOYER CONTRIBUTIONS

Each year, the Company determines the amount to be contributed to the Plan. This contribution is discretionary. The Company contributions can be paid in cash or shares of Company stock. The Companies made contributions of $130,286 and $762,157 for the years ended December 31, 2016 and 2015, respectively.

NOTE 12. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits reported in the financial statements at December 31, 2016 and 2015 to the amounts in Form 5500:

	2016	2015
Net assets available for benefits per the financial statements	**$ 3,734,925**	$ 2,591,613
Adjustments for interest	**--**	(6,449)
Net assets available for benefits per the Form 5500	**$ 3,734,925**	$ 2,585,164

The following is a reconciliation of deductions from net assets per the financial statements for the years ended December 31, 2016 and 2015 to the amounts in Form 5500:

	2016	2015
Net increase per the financial statements	**$ 1,143,312**	$ 812,538
Adjustment for interest expense	**6,449**	10,800
Total deductions per the Form 5500	**$ 1,149,761**	$ 823,338

NOTE 13. RELATED PARTY PAYABLE

The related party payable to First Alarm consists of distribution payments made by First Alarm on behalf of the Plan. This advance is an interest-free loan to the Plan and no collateral has been taken for this loan. The Plan intends to reimburse First Alarm.

SUPPLEMENTAL SCHEDULE

FIRST ALARM EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
E.I.N. 94-2882805, Plan No. 002
December 31, 2016

(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
*	First Alarm	190,000 shares of Common Stock	$ 2,741,700	$ 1,981,700
*	First Alarm Security & Patrol, Inc.	475 shares of Common Stock	1,753,225	1,753,225
Total			$ 4,494,925	$ 3,734,925

*Represents a party-in-interest.

FIRST ALARM EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
E.I.N. 94-2882805, Plan No. 002
December 31, 2016

(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
*	First Alarm	190,000 shares of Common Stock	$ 2,741,700	$ 1,981,700
*	First Alarm Security & Patrol, Inc.	475 shares of Common Stock	1,753,225	1,753,225
Total			$ 4,494,925	$ 3,734,925

*Represents a party-in-interest.