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

2019

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

A This return/report is for:
- [ ] a multiemployer plan
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- [X] a single-employer plan
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report
- [ ] the final return/report
- [ ] an amended return/report
- [ ] a short plan year return/report (less than 12 months)

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558
- [ ] automatic extension
- [ ] the DFVC program
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
THE BRIX GROUP EMPLOYEE STOCK OWNERSHIP PLAN

1b Three-digit plan number (PN) ▶ 002

1c Effective date of plan 01/01/2016

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)
THE BRIX GROUP

838 N LAVERNE AVENUE
FRESNO, CA 93727

2b Employer Identification Number (EIN)
94-2177912

2c Plan Sponsor's telephone number
800-726-2333

2d Business code (see instructions)
441300

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.	09/29/2020	RON DODDS
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address [X] Same as Plan Sponsor	**3b** Administrator's EIN	
	3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: **a** Sponsor's name **c** Plan Name	**4b** EIN **4d** PN	
5 Total number of participants at the beginning of the plan year	**5**	194
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)**	177
a(2) Total number of active participants at the end of the plan year	**6a(2)**	168
b Retired or separated participants receiving benefits	**6b**	1
c Other retired or separated participants entitled to future benefits	**6c**	9
d Subtotal. Add lines **6a(2)**, **6b**, and **6c**	**6d**	178
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	1
f Total. Add lines **6d** and **6e**.	**6f**	179
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	179
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	14
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:

2P 2Q

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

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

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

a Pension Schedules

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

b General Schedules

- **(1)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [ ] **A** (Insurance Information)
- **(4)** [ ] **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 2019 Form M-1 annual report. If the plan was not required to file the 2019 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)

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

2019

This Form is Open to Public Inspection

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

A Name of plan
THE BRIX GROUP EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
THE BRIX GROUP

D Employer Identification Number (EIN)
94-2177912

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		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	1376000	1344000
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	1717	509
(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)	5897935	13500173
	(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	7275652	14844682
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i	14976000	14144000
j	Other liabilities	1j	1689	
k	Total liabilities (add all amounts in lines 1g through1j)	1k	14977689	14144000
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	-7702037	700682

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)	1363501	
	(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)		1363501
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	3	
	(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)		3
	(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)		
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		0
	(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)	7602238	
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		7602238

		(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		8965742
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	18768	
(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)		18768
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		544000
i Administrative expenses: **(1)** Professional fees	2i(1)	255	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		255
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		563023
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		8402719
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] Unmodified **(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: PETRINOVICH PUGH & CO LLP **(2)** EIN: 94-1668792

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			

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

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

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

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

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

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

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

OMB No. 1210-0110

2019

This Form is Open to Public Inspection.

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

A Name of plan
THE BRIX GROUP EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
THE BRIX GROUP

D Employer Identification Number (EIN)
94-2177912

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): _____ _____

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

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

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

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

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

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

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

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

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

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

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

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

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

Part III Amendments

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

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

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

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

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

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

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 **PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation_____

THE BRIX GROUP, INC. EMPLOYEE STOCK OWNERSHIP PLAN

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

DECEMBER 31, 2019 AND 2018

THE BRIX GROUP, INC. EMPLOYEE STOCK OWNERSHIP PLAN

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

To the Plan Committee and Trustee of
The Brix Group, Inc. Employee Stock Ownership Plan
Fresno, California

Report on the Financial Statements

We have audited the accompanying financial statements of The Brix Group, Inc. Employee Stock Ownership Plan (the Plan), which comprise the statements of net assets (deficit) available for benefits as of December 31, 2019 and 2018, and the related statement of changes in net assets (deficit) available for benefits for the year ended December 31, 2019, 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 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.

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 Brix Group, Inc. Employee Stock Ownership Plan as of December 31, 2019, and 2018, and the changes in net assets (deficit) available for benefits for the year ended December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental 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 is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplemental information required by the Department of Labor's 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 audit 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.

Petrinovich Pugh & Company, LLP

Petrinovich Pugh & Company, LLP

San Jose, California
September 22, 2020

THE BRIX GROUP, INC. EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENT OF NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS

DECEMBER 31, 2019

	Allocated	Unallocated	Total
ASSETS:			
Interest bearing cash	$ 509	$ -	$ 509
Investment in The Brix Group, Inc. common stock at fair value	2,335,508	11,164,665	13,500,173
Employer contribution receivable	-	1,344,000	1,344,000
Total assets	2,336,017	12,508,665	14,844,682
LIABILITIES:			
Interest payable - The Brix Group, Inc.	-	544,000	544,000
Note payable - The Brix Group, Inc.	-	13,600,000	13,600,000
Total liabilities	-	14,144,000	14,144,000
Net assets (deficit) available for benefits	$ 2,336,017	$ (1,635,335)	$ 700,682

See independent auditors' report and
accompanying notes to financial statements.

THE BRIX GROUP, INC. EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENT OF NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS (CONTINUED)

DECEMBER 31, 2018

	Allocated	Unallocated	Total
ASSETS:			
Interest bearing cash	$ 1,717	$ -	$ 1,717
Investment in The Brix Group, Inc. common stock at fair value	657,438	5,240,497	5,897,935
Employer contribution receivable	-	1,376,000	1,376,000
Total assets	659,155	6,616,497	7,275,652
LIABILITIES:			
Interest payable - The Brix Group, Inc.	-	576,000	576,000
Note payable - The Brix Group, Inc.	-	14,400,000	14,400,000
Other liabilities	1,689	-	1,689
Total liabilities	1,689	14,976,000	14,977,689
Net assets (deficit) available for benefits	$ 657,466	$ (8,359,503)	$ (7,702,037)

See independent auditors' report and
accompanying notes to financial statements.

THE BRIX GROUP, INC. EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENT OF CHANGES IN NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Allocated	Unallocated	Total
ADDITIONS:			
Additions to net assets attributed to:			
Employer contributions	$ 19,501	$ 1,344,000	$ 1,363,501
Net appreciation of assets	1,315,175	6,287,063	7,602,238
Interest income	3	-	3
Allocation of 515 shares of The Brix Group, Inc. common stock at fair value	362,895	-	362,895
Total additions	1,697,574	7,631,063	9,328,637
DEDUCTIONS:			
Deductions from net assets attributed to:			
Distributions to participants	18,768	-	18,768
Administrative expenses	255	-	255
Interest expense	-	544,000	544,000
Allocation of 515 shares of The Brix Group, Inc. common stock at fair value	-	362,895	362,895
Total deductions	19,023	906,895	925,918
Net increase	1,678,551	6,724,168	8,402,719
Net assets (deficit) available for benefits:			
Beginning of year	657,466	(8,359,503)	(7,702,037)
End of year	$ 2,336,017	$ (1,635,335)	$ 700,682

See independent auditors' report and accompanying notes to financial statements.

NOTE A – DESCRIPTION OF THE PLAN

The following description of The Brix Group, Inc. Employee Stock Ownership Plan (the Plan) provides only general information. Participants should refer to the Plan's adoption agreement and amendments for a more complete description of the Plan's provisions.

General: On July 21, 2016, The Brix Group, Inc. (the Company) implemented a leveraged Employee Stock Ownership Plan (ESOP) with an effective date of January 1, 2016. An ESOP is designed to comply with Section 4975(e)(7) and the related provisions of the Internal Revenue Code of 1986 (IRC) as amended and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by a Plan committee comprising an individual or individuals, appointed by the Board of Directors of the Company. The Company has delegated the responsibility for the trustee functions of the Plan to an independent third party, the ESOP Trustee.

On July 21, 2016, the Company repurchased 8,370.02 voting and non-voting shares from the former shareholders and sold 8,370.02 net voting shares of common stock to the Employee Stock Ownership Trust (ESOT), which accounts for 100% of the outstanding capital of the Company. The shares were purchased from the proceeds of a loan of $16,000,000 and the Plan holds the common stock in the ESOT established under the Plan (the ESOP shares).

The ESOP shares were purchased at a fair market value at the implementation date of $1,912 per share, for an aggregate purchase price of $16,000,000 (the transaction cost). The $16,000,000 transaction was based on an initial transaction valuation of the Company performed on July 21, 2016 (see Note C). The ending value of the shares at the end of each Plan year are determined from annual valuations (see Note D).

The borrowing is collateralized by the unallocated shares of common stock and is guaranteed by the Company. The lender has no rights against shares of common stock once they are allocated to participants in accordance with the terms of the Plan. Accordingly, the financial statements of the Plan as of December 31, 2019 and 2018, and for the year ended December 31, 2019, present separately the assets and liabilities and changes therein pertaining to:

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

Plan Administrator: The Company is the administrator of the Plan, and as such, carries out the duties imposed under ERISA.

Administrative Expenses: As provided by the Plan agreement, administrative expenses are paid either by the Plan or the Company. Administrative costs paid by the Plan were $255 and $678 for the years ended December 31, 2019 and 2018, respectively. Certain expenses of the Plan are paid by the Company. Administrative costs paid by the Company were approximately $40,100 and $36,500 for the years ended December 31, 2019 and 2018, respectively.

NOTE A – DESCRIPTION OF THE PLAN (CONTINUED)

Eligibility: All employees are eligible to participate in the Plan retroactively to the first day of the plan year in which the employee first completes 1,000 hours of service, beginning with the employee's commencement date.

Employer Contributions: Each year, the Board of Directors of the Company will decide how much to contribute for that plan year. Although not required, their decision is normally based on the Company's financial performance and condition, provided that such contributions do not exceed the maximum amounts deductible under Section 404(a)(3) of the IRC. Contributions may be made in cash, shares of Brix Group, Inc. common stock at fair value ("Company stock"), or a combination of both. Shares of Company stock will be valued at their then fair value. The Company is obligated to make contributions in cash to the Plan which equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its term loan.

A participant is eligible to share in the allocation of contributions only if the participant has accumulated 1,000 or more hours of service during the plan year. Allocations are based on a participant's eligible compensation, relative to total eligible compensation of all eligible participants in that plan year. As of December 31, 2019, the Plan had an employer contribution receivable related to 2019 employer contributions of $1,344,000, which was funded by the Company in January 2020. As of December 31, 2018, the Plan had an employer contribution receivable related to 2018 employer contributions of $1,376,000 which was funded by the Company in April 2019.

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 Plan earnings and shares of the Company's common stock released by the Trustee from the unallocated account and forfeitures of terminated participants' non-vested accounts. Only those participants who are eligible employees of the Company as of the last day of the Plan year will receive an allocation. Allocations are based on the ratio of the participant's balance to all participants' account balances.

Distributions: Distributions on account of death, disability, or retirement generally commence in the plan year following the event and are made in five equal annual installments. Distributions for other separations from service commence in the sixth plan year following the separation from service and are made in five equal annual installments. Distributions for vested balances less than $5,000, will be paid in a lump sum amount generally in the plan year following the separation of service. The amount to be distributed is based upon the immediately preceding valuation date. Distributions are made in cash or, if the Company elects, in the form of Company common stock plus cash for any fractional share of common stock. Distributions under $1,000 are considered involuntary.

NOTE A – DESCRIPTION OF THE PLAN (CONTINUED)

Vesting: If a participant's employment with the Company ends for any reason other than retirement, permanent disability, or death, he or she will vest in the balances in his or her account based on total years of service with the Company. For the purposes of vesting, 1 year of service shall be granted for every 2 years of employment with the employer prior to the effective date in which an employee is credited with not less than 1,000 hours of service, provided the employee is employed with the employer on the Plan's effective date. An employee is considered to have completed one year of service by completing 1,000 hours of service during a plan year. The value of each participant's account is zero percent vested and forfeitable until after two years of service, at which point their balance vests at of a rate of 20% per year over a period of five years. Participants are fully vested after six years of service.

Put Option: The Plan will purchase Company stock that has been distributed to a participant or beneficiary if the participant or beneficiary offers the Company stock for sale to the Company during one of the two options: The first put option period is the 60 days beginning on the date following the date that the Company stock is distributed to the participant or beneficiary. The second put option period is a period of 60 days in the following year. Such put option shall be exercised by notifying the Plan in writing. The Plan may permit the trust to assume the rights and obligations of the Plan at the time the put option is exercised.

Forfeitures: Plan forfeitures are allocated in the same manner as contributions and are allocated to each participant's account based on the relation of the participant's eligible compensation to total eligible compensation for the plan year. During the year ended December 31, 2019, 32.84 shares of Company stock, valued at $52,962 were allocated to participants. During the year ended December 31, 2018, 36.85 shares of Company stock, valued at $25,969 were allocated to 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 Company common stock into investments that 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 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 distribution of cash or employer securities, or a combination of each.

Voting Rights: The ESOP Trustee generally votes the shares of the Company's common stock that the Plan owns, with respect to general corporate matters. Pursuant to applicable law, however, each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account under the Plan, with respect to major corporate actions presented to the Company's shareholders for a vote (such as corporate mergers, liquidation, reorganization, recapitalization, and/or sale of substantially all of the Company's assets), and will be notified by the Trustee prior to the time that such rights are to be exercised. The Trustee is required, however, to vote any unallocated shares, and any allocated shares for which no voting instructions are given, on behalf of the collective best interests of Plan participants and beneficiaries.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. Estimates include the fair value of The Brix Group, Inc. common stock as of December 31, 2019 and 2018.

Allocations: The financial statements of the Plan present separately the assets and liabilities and changes therein pertaining to the accounts of employees with rights in allocated stock (allocated) and 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. During the year ended December 31, 2019, 515 shares allocated were from the funding of the December 31, 2018 employer contribution receivable. As of December 31, 2019, 503 shares remain unallocated, and will be allocated when the employer contribution receivable is funded in the subsequent Plan year.

Investment Valuation and Revenue Recognition: The shares of Company stock are reported at fair value (see Note D). Net appreciation includes the Plan's gains on investments bought and sold as well as held during the year.

Payment of Distribution Benefits: Benefits are recorded when paid.

Reclassification: Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with current year presentation.

Subsequent Events: Accounting Standards Codification (ASC) 855-10 *Subsequent Events* requires additional disclosure for events or transactions that occur after the statement of net assets available for benefits date. Due to the economic and public policy responses to the spread of COVID-19 coronavirus, economic uncertainties have arisen which have resulted in significant volatility in investment markets, which may negatively impact in the fair value of The Brix Group, Inc. common stock. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time and could result in additional risks and uncertainties (see note H). The Plan has no other significant subsequent events as of September 22, 2020. The Plan has not evaluated subsequent events after this date, which is the date the financial statements were available to be issued.

NOTE C – PLAN INVESTMENTS

The Plan's investment in The Brix Group, Inc. common stock as of December 31, are as follows:

	2019		
	Allocated	Unallocated	Total
Number of shares	1,448	6,922	8,370
Cost	$ 2,767,981	$ 13,232,019	$ 16,000,000
Estimated fair value	$ 2,335,508	$ 11,164,665	$ 13,500,173

	2018		
	Allocated	Unallocated	Total
Number of shares	933	7,437	8,370
Cost	$ 1,783,513	$ 14,216,487	$ 16,000,000
Estimated fair value	$ 657,438	$ 5,240,497	$ 5,897,935

Funds received during 2019 related to the $1,376,000 employer contribution receivable as of December 31, 2018, were used for the repayment of a portion of the Note Payable – The Brix Group Inc. (see Note E) during 2019. As a result, the 515 shares committed to be released as of December 31, 2018 were allocated to participants during 2019. As of December 31, 2019, 503 shares were committed to be released and were allocated to participants during 2020 when funds were received related to the $1,344,000 employer contribution receivable as of December 31, 2019.

NOTE D – FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy under ASC 820-10 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 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 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.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2019 and 2018:

- *The Brix Group, Inc. Common Stock*: The fair market value of The Brix Group, Inc. common stock was determined by a third-party certified valuation analyst using generally accepted valuation methods that included the income approach (i.e. the discounted cash flow method), the asset method, and the market approach. The fair value of the ESOP shares have been classified as level 3 measurements within the fair value hierarchy at December 31, 2019.

  Unobservable inputs for the income approach include EBITDA, net income, weighted average cost of capital, discount rate, discount for lack of marketability. Unobservable inputs for the market approach include public comparable companies, revenue multiples, EBITDA multiples, and a discount for lack of marketability.

  The valuation process involves the selection of an independent appraiser. Plan management accumulates the data for the appraiser from historical and projected financial information of the Company. The appraiser prepares a preliminary report that Plan management, along with the ESOP Trustee, reviews in detail, discusses, and approves.

NOTE D – FAIR VALUE MEASUREMENTS (CONTINUED)

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 Company 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:

	2019			
	Level 1	Level 2	Level 3	Total
The Brix Group, Inc. common stock	$ -	$ -	$ 13,500,173	$ 13,500,173
	$ -	$ -	$ 13,500,173	$ 13,500,173

	2018			
	Level 1	Level 2	Level 3	Total
The Brix Group, Inc. common stock	$ -	$ -	$ 5,897,935	$ 5,897,935
	$ -	$ -	$ 5,897,935	$ 5,897,935

The following table sets forth the increases in The Brix Group, Inc. common stock during the years ended December 31:

	2019	2018
Balance, beginning of year	$ 5,897,935	$ 3,515,994
Unrealized appreciation in estimated fair value	7,602,238	2,381,941
Balance, end of year	$ 13,500,173	$ 5,897,935

NOTE E – NOTE PAYABLE – BRIX GROUP, INC.

In July 2016, the Plan entered into a $16,000,000 term loan agreement with the Company (the ESOP Note). The proceeds of the ESOP Note were used to purchase 8,370.02 voting and non-voting shares of Company common stock. The unallocated shares serve as collateral for the ESOP Note and are held in the ESOT (see Note A). On July 21, 2016, the ESOP shares were purchased by the ESOT from the Company's former shareholders at a fair market value of $1,912 per share. The $16,000,000 transaction cost was based on a valuation of the Company performed by a third-party valuation analyst (see Note D).

The ESOP Note bears interest at 4% and is being repaid over twenty years. Scheduled loan principal payments of $800,000 are due annually, plus interest, and are funded with contributions paid on the unallocated ESOP shares, and with cash contributions from the Company as necessary. As loan payments are made, shares are released from collateral and allocated to participants accounts. The number of shares released in any year is the number of shares held as collateral, multiplied by the ratio of current year payments divided by the total of the current year payments, plus all future years' principal and interest payments. $800,000 of principal was paid on the ESOP Note during the years ended December 31, 2019 and 2018. $544,000 and $576,000 in interest expense was incurred on the ESOP Note during the years ended December 31, 2019 and 2018, respectively.

Principal payments on the ESOP Note for the years ending December 31 are due as follows:

2020	$ 800,000
2021	800,000
2022	800,000
2023	800,000
2024	800,000
Thereafter	9,600,000
	$ 13,600,000

For the year ended December 31, 2019, the total estimated fair value of the ESOP shares from the year-end valuation, completed on April 7, 2020 was $13,500,173, The fair value of the unreleased ESOP shares was approximately $11,164,665.

For the year ended December 31, 2018, the total estimated fair value of the ESOP shares from the year-end valuation, completed on May 14, 2019, was $5,897,935. The fair value of the unreleased ESOP shares was approximately $5,240,497.

NOTE F – COMPANY ADVANCES

During the Plan years ended December 31, 2019 and 2018, the Company made cash advances of $19,501 and $9,123, respectively, to the ESOT to cover the Plan's distribution obligations to participants. These advances to the Plan were unsecured, interest-free, and were subsequently applied against employer contributions. Plan Management believes that the advances complied with the requirements of Department of Labor Prohibited Transaction Class Exemption 80-26.

NOTE G – RELATED PARTY AND PARTY-IN-INTEREST TRANSACTIONS

The Plan invests in Company stock, which is a related party and party-in-interest transaction. As described in Note A, the Company paid for certain plan expenses. The Plan has several service providers. Such providers are parties in interest under ERISA.

The unpaid principal balance and accrued interest on the note payable, as discussed in Note E, is due to The Brix Group, Inc. which is the administrator of the Plan and is a related party.

NOTE H – RISKS AND UNCERTAINTIES

The Plan investments consist primarily of Company 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 other such techniques. Due to the level of risk associated with the investment in Company stock and to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in the value of the Company stock will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets(deficit) available for benefits.

NOTE I – PLAN TERMINATION

While the Company has not expressed any intent to terminate the Plan, the Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon such termination of the Plan, 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, the Plan Committee should direct the ESOP Trustee to pay all liabilities and expenses of the trust fund and to sell shares of financed Company stock held as collateral to the extent it determines such sale to be necessary in order to repay the loan.

NOTE J – INCOME TAX STATUS

The Company received a determination letter from the Internal Revenue Service on December 20, 2017 that the Plan qualified under Section 4975 (e) (7) of the IRC and is therefore exempt from federal income taxes under Section 501(a) of the Code. The Plan is also exempt from state income taxes. 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 IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would be sustained upon examination by the various taxing authorities and government agencies. The plan administrator has analyzed the tax position taken by the Plan, and has concluded that as of December 31, 2019, there are no uncertain 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’s tax years 2017 and forward remain subject to examination by the Internal Revenue Service.

SUPPLEMENTAL SCHEDULE

THE BRIX GROUP, INC. EMPLOYEE STOCK OWNERSHIP PLAN

SCHEDULE H, LINE 4I – SCHEDULE OF ASSETS HELD AT END OF YEAR

DECEMBER 31, 2019

Federal employer identification number – 94-2177912
Plan number - 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date interest, collateral, par or maturity value	(d) Cost	(e) Current value
*	The Brix Group, Inc.	Common Stock	$ 16,000,000	$ 13,500,173
	Total investments		$ 16,000,000	$ 13,500,173

* Denotes related party

SCHEDULE H (Form 5500)	Financial Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ **File as an attachment to Form 5500.**	**2019** **This Form is Open to Public Inspection**

For calendar plan year 2019 or fiscal plan year beginning and ending

A Name of plan	**B** Three-digit plan number (PN) ▶
C Plan sponsor's name as shown on line 2a of Form 5500	**D** Employer Identification Number (EIN)

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		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(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)**		
	(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**		
	Liabilities			
g	Benefit claims payable	**1g**		
h	Operating payables	**1h**		
i	Acquisition indebtedness	**1i**		
j	Other liabilities	**1j**		
k	Total liabilities (add all amounts in lines 1g through1j)	**1k**		
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	**1l**		

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)**		
	(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)**		
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)**		
	(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)**		
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	**2b(2)(D)**		
	(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)**		
	(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)**		

		(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		
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)		
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)		
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		
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) ☐ Unmodified **(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: **(2)** EIN:

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			
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			

			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**			
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**			
e	Was this plan covered by a fidelity bond?	**4e**			
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**			
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**			
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**			
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**			
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**			
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**			
l	Has the plan failed to provide any benefit when due under the plan?	**4l**			
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	**4m**			
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	**4n**			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☐ No

If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

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

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

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ..... ☐ Yes ☐ No ☐ Not determined

If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year_____. (See instructions.)

Attachment to 2019 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name THE BRIX GROUP EMPLOYEE STOCK OWNERSHIP PLAN **EIN:** 94-2177912

Plan Sponsor's Name THE BRIX GROUP **PN:** 002

(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
	The Brix Group, Inc.	8370 shs of Common Stock	16,000,000	13,500,173