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
- [X] 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
HM. CLAUSE, INC. 401 (K) RETIREMENT PLAN

1b Three-digit plan number (PN) ▶ 006

1c Effective date of plan 01/01/1986

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)
HM.CLAUSE, INC.

260 COUSTEAU PLACE
SUITE 210
DAVIS, CA 95618

2b Employer Identification Number (EIN) 94-1695235

2c Plan Sponsor's telephone number 530-747-3722

2d Business code (see instructions) 311200

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.	12/02/2020	REZA GHANI
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	12/02/2020	REZA GHANI
	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 ☐ Same as Plan Sponsor

HM.CLAUSE, INC.

260 COUSTEAU PLACE
SUITE 210
DAVIS, CA 95618

3b Administrator's EIN
94-1695235

3c Administrator's telephone number
530-747-3722

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**	711
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)**	496
a(2) Total number of active participants at the end of the plan year	**6a(2)**	515
b Retired or separated participants receiving benefits	**6b**	3
c Other retired or separated participants entitled to future benefits	**6c**	217
d Subtotal. Add lines **6a(2)**, **6b**, and **6c**	**6d**	735
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	0
f Total. Add lines **6d** and **6e**	**6f**	735
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	735
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	45
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

2E 2F 2G 2J 2K 2S 2T 3D 3F 3H 2A

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)	☒	1	**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 A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Insurance Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

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

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

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
HM. CLAUSE, INC. 401 (K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 006

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

D Employer Identification Number (EIN)
94-1695235

Part I **Information Concerning Insurance Contract Coverage, Fees, and Commissions** Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

1 Coverage Information:

(a) Name of insurance carrier
PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

(b) EIN	**(c)** NAIC code	**(d)** Contract or identification number	**(e)** Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	**(g)** To
06-1050034	93629	041789	735	01/01/2019	12/31/2019

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	**(b)** Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

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	(c) Amount	**(d)** Purpose	

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(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	4	6585097
5	Current value of plan's interest under this contract in separate accounts at year end	5	17684682

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶

b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount.	6d	

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity

(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee

(3) ☐ guaranteed investment (4) ☒ other ▶ GUARANTEED GENERAL ACCOUNT CONTRACT

b	Balance at the end of the previous year			7b	6594340
c	Additions: (1) Contributions deposited during the year	7c(1)	602725		
	(2) Dividends and credits	7c(2)			
	(3) Interest credited during the year	7c(3)	142149		
	(4) Transferred from separate account	7c(4)	223971		
	(5) Other (specify below)	7c(5)	1072899		
	▶ LOAN REPAYMENTS MISCELLANEOUS IN TRANSFERS IN				
	(6)Total additions			7c(6)	2041744
d	Total of balance and additions (add lines **7b** and **7c(6)**).			7d	8636084
e	Deductions:				
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	1606980		
	(2) Administration charge made by carrier	7e(2)	359		
	(3) Transferred to separate account	7e(3)	44096		
	(4) Other (specify below)	7e(4)	399552		
	▶ FORF. DR.,TRANSFERS OUT LOAN INITIATIONS MISC. OUT				
	(5) Total deductions			7e(5)	2050987
f	Balance at the end of the current year (subtract line **7e(5)** from line **7d**)			7f	6585097

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

a ☐ Health (other than dental or vision) **b** ☐ Dental **c** ☐ Vision **d** ☐ Life insurance

e ☐ Temporary disability (accident and sickness) **f** ☐ Long-term disability **g** ☐ Supplemental unemployment **h** ☐ Prescription drug

i ☐ Stop loss (large deductible) **j** ☐ HMO contract **k** ☐ PPO contract **l** ☐ Indemnity contract

m ☐ Other (specify) ▶

9 Experience-rated contracts:				
a Premiums: (1) Amount received	**9a(1)**			
(2) Increase (decrease) in amount due but unpaid	**9a(2)**			
(3) Increase (decrease) in unearned premium reserve	**9a(3)**			
(4) Earned (**(1)** + **(2)** - **(3)**)			**9a(4)**	
b Benefit charges (1) Claims paid	**9b(1)**			
(2) Increase (decrease) in claim reserves	**9b(2)**			
(3) Incurred claims (add **(1)** and **(2)**)			**9b(3)**	
(4) Claims charged			**9b(4)**	
c Remainder of premium: (1) Retention charges (on an accrual basis) --				
(A) Commissions	**9c(1)(A)**			
(B) Administrative service or other fees	**9c(1)(B)**			
(C) Other specific acquisition costs	**9c(1)(C)**			
(D) Other expenses	**9c(1)(D)**			
(E) Taxes	**9c(1)(E)**			
(F) Charges for risks or other contingencies	**9c(1)(F)**			
(G) Other retention charges	**9c(1)(G)**			
(H) Total retention			**9c(1)(H)**	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)			**9c(2)**	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement			**9d(1)**	
(2) Claim reserves			**9d(2)**	
(3) Other reserves			**9d(3)**	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line **9c(2)**.)			**9e**	
10 Nonexperience-rated contracts:				
a Total premiums or subscription charges paid to carrier			**10a**	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount			**10b**	

Specify nature of costs.

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**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
HM. CLAUSE, INC. 401 (K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 006

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

D Employer Identification Number (EIN)
94-1695235

Part I Service Provider Information (see instructions)

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

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

PRUDENTIAL RETIREMENT INSURANCE AND

06-1050034

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

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

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

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

NWK GROUP, INC.

20-2154904

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	NONE	65000	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

PRUDENTIAL RETIREMENT INSURANCE AND

06-1050034

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 15 37 50 64	NONE	48362	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

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

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

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

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

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

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

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

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

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

Part I Service Provider Information (continued)

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

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
PRUDENTIAL RETIREMENT INSURANCE AND	15 64	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PRUDENTIAL RETIREMENT INSURANCE AND 06-1050034	70.000 BPS AND $0.00 PER PARTICIPANT INVESTED IN THE FUND FROM 1/1/2019 TO 2/28/2019 GUARANTEED INCOME FUND

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
THE PRUDENTIAL INSURANCE COMPANY OF	15 60 64	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PRUDENTIAL INVESTMENTS, LLC 22-3468527	22.000 BPS AND $0.00 PER PARTICIPANT INVESTED IN THE FUND FROM 1/1/2019 TO 12/31/2019 PGIM JENN MID-CAP GRWTH Z

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

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

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

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

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

(complete as many entries as needed)

a Name: GUY M RANSOM, CPA

b EIN: 77-0550391

c Position: ACCOUNTANT

d Address: 101 COLLEGE AVE, STE. 3A
MODESTO, CA 95350

e Telephone: 209-575-2510

Explanation: RESIGNED DUTIES

a Name:

b EIN:

c Position:

d Address:

e Telephone:

Explanation:

a Name:

b EIN:

c Position:

d Address:

e Telephone:

Explanation:

a Name:

b EIN:

c Position:

d Address:

e Telephone:

Explanation:

a Name:

b EIN:

c Position:

d Address:

e Telephone:

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

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

OMB No. 1210-0110

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
HM. CLAUSE, INC. 401 (K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 006

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
HM.CLAUSE, INC.

D Employer Identification Number (EIN)
94-1695235

Part I **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: CORE PLUS BOND / PGIM FD

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
06-1050034-299	P	8880749

a Name of MTIA, CCT, PSA, or 103-12 IE: TRP GRO STK STRATII

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
06-1050034-434	P	8803933

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

b Name of sponsor of entity listed in (a):

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

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

b Name of sponsor of entity listed in (a):

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

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

b Name of sponsor of entity listed in (a):

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

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

b Name of sponsor of entity listed in (a):

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

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

b Name of sponsor of entity listed in (a):

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

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

b Name of sponsor of entity listed in (a):

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

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

b Name of sponsor of entity listed in (a):

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

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

b Name of sponsor of entity listed in (a):

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

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

b Name of sponsor of entity listed in (a):

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

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

b Name of sponsor of entity listed in (a):

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

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

b Name of sponsor of entity listed in (a):

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

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

b Name of sponsor of entity listed in (a):

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

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

b Name of sponsor of entity listed in (a):

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

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

b Name of sponsor of entity listed in (a):

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

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

b Name of sponsor of entity listed in (a):

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

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

b Name of sponsor of entity listed in (a):

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

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

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

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

OMB No. 1210-0110

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
HM. CLAUSE, INC. 401 (K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 006

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

D Employer Identification Number (EIN)
94-1695235

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	300	0
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)	882893	999694
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)	14561951	17684682
(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)	38581263	48062183
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	6594340	6585097
(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	60620747	73331656
	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	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	60620747	73331656

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)	3244586	
	(B) Participants	2a(1)(B)	3759027	
	(C) Others (including rollovers)	2a(1)(C)	262477	
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		7266090
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)	59559	
	(F) Other	2b(1)(F)	142149	
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		201708
	(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)	778736	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		778736
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
	(B) Other	2b(5)(B)		
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		2997391
(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)		8968554
c Other income	2c		40171
d Total income. Add all **income** amounts in column (b) and enter total	2d		20252650
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	7396507	
(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)		7396507
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)	145234	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		145234
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		7541741
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		12710909
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)** [X] Disclaimer **(4)** [ ] Adverse

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

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

(1) Name: CLIFTONLARSONALLEN LLP **(2)** EIN: 41-0746749

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		29188
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		5000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

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
HM. CLAUSE, INC. 401 (K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 006

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

D Employer Identification Number (EIN)
94-1695235

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): 22-1211670

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_____

HM CLAUSE, INC. 401(K) RETIREMENT PLAN

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

DECEMBER 31, 2019 AND 2018 (RESTATED)



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HM CLAUSE, INC. 401(K) RETIREMENT PLAN
TABLE OF CONTENTS
DECEMBER 31, 2019 AND 2018 (RESTATED)

INDEPENDENT AUDITORS' REPORT	**1**
FINANCIAL STATEMENTS	
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS	**4**
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS	**5**
NOTES TO FINANCIAL STATEMENTS	**6**
SUPPLEMENTAL INFORMATION (ATTACHMENT TO FORM 5500)	
SCHEDULE H, LINE 4i—SCHEDULE OF ASSETS (HELD AT END OF YEAR)	**14**
SCHEDULE H, LINE 4a—SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS	**15**

INDEPENDENT AUDITORS' REPORT

Plan Administrative Committee
HM Clause, Inc. 401(k) Retirement Plan
Davis, California

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of HM Clause, Inc. 401(k) Retirement Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2019, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 2019 financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion on the 2019 Financial Statements* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2019 financial statements.

Basis for Disclaimer of Opinion on the 2019 Financial Statements

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Prudential Bank & Trust F.S.B., the trustee, and Prudential Retirement Insurance and Annuity Company, the insurance company, except for comparing such information with the related information included in the 2019 financial statements. We have been informed by the Plan administrator that the insurance company and the trustee hold the Plan's investment assets and execute investment transactions. The Plan administrator has obtained certifications from the insurance company and trustee as of and for the year ended December 31, 2019, that the information provided to the Plan administrator by the insurance company and custodian is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion on the 2019 Financial Statements* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Adjustments to Prior Period Financial Statements

The financial statements of HM Clause, Inc. 401(k) Retirement Plan as of December 31, 2018, were audited by predecessor auditor. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed the predecessor auditors not to perform and they did not perform, any auditing procedures with respect to the information certified by the insurance company and the trustee. Their report, dated October 10, 2019, indicated that (a) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, they did not express an opinion on the financial statements and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the insurance company and the trustee, was presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. As discussed in Note 11, the 2018 financial statements have been restated to correct a misstatement. The predecessor auditors reported on the 2018 financial statements before the restatements.

As part of audit of the 2019 financial statements, we also audited the adjustments described in Note 11 that were applied to restate the 2018 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2018 financial statements of the Plan other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2018 financial statements.

Other Matter – Supplemental Schedule

The supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year), and Schedule H, Line 4a – Schedule of Delinquent Participant Contributions as of and for the year ended December 31, 2019, are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion on the 2019* paragraph, we do not express an opinion on the supplemental schedule.

Plan Administrative Committee
HM Clause, Inc. 401(k) Retirement Plan

Report on Form and Content in Compliance With DOL Rules and Regulations - 2019

The form and content of the information included in the 2019 financial statements and supplemental schedules, other than that derived from the information certified by the trustee and insurance company, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
November 18, 2020

HM CLAUSE, INC. 401(K) RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2019 AND 2018 (RESTATED)

	2019	(Restated) 2018
ASSETS		
INVESTMENTS (at Fair Value)		
Mutual Funds	$ 48,062,183	$ 38,581,263
Pooled Separate Accounts	17,684,682	14,561,951
Total Investments at Fair Value	65,746,865	53,143,214
INVESTMENTS (at Contract Value)	6,585,097	6,594,340
CASH	-	300
RECEIVABLES		
Participants' Contributions	-	-
Company's Matching Contributions	-	-
Notes Receivable from Participants	999,694	882,893
Total Receivables	999,694	882,893
NET ASSETS AVAILABLE FOR BENEFITS	$ 73,331,656	$ 60,620,747

See accompanying Notes to Financial Statements.

HM CLAUSE, INC. 401(K) RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2019

ADDITIONS:	
INVESTMENT INCOME	
Net Appreciation in Fair Value of Investments	$ 11,965,945
Interest and Dividends	920,885
Total Investment Income	12,886,830
INTEREST INCOME ON NOTES RECEIVABLE FROM PARTICIPANTS	59,559
CONTRIBUTIONS	
Participants	3,759,027
Company	3,334,665
Rollover	262,477
Total Contributions	7,356,169
Total Additions	20,302,558
DEDUCTIONS:	
BENEFITS PAID TO PARTICIPANTS	7,396,507
ADMINISTRATIVE EXPENSES	195,142
Total Deductions	7,591,649
NET INCREASE	12,710,909
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of Year	60,620,747
End of Year	$ 73,331,656

See accompanying Notes to Financial Statements.

NOTE 1 DESCRIPTION OF PLAN

The following description of HM Clause, Inc. 401(k) Retirement Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan originally effective January 1, 1986. The Plan has been amended throughout the years to comply with tax legislation and most recently restated effective July 1, 2017. The Plan excludes leased employees, nonresident aliens, residents of or those performing work in Puerto Rico, expatriate employees and any self-employed individuals. The Plan is subject to the Employee Retirement Income Security Act of 1974 (ERISA). The Plan Administrative Committee is responsible for the oversight of the Plan, determining the appropriateness of the Plan's investment offerings, and monitoring investment performance.

Eligibility

Employees of HM Clause, Inc. and Affiliated Corporations (the Company) are eligible to participate in the deferral and Company's QACA safe harbor matching contributions of the Plan following 30 days of employment. There is no age requirement to participate in these components of the Plan. Participants are eligible for the Company's retirement supplement contribution after six months of service and if the employee was not a participant in or not yet 100% vested in the HM/FM Retirement Plan as of June 30, 2012.

Contributions

The Plan includes a salary deferral arrangement allowed under Section 401(k) of the Internal Revenue Code (IRC). Eligible participants are permitted to elect to have a percentage, limited by Plan provisions, of their compensation contributed as pre-tax 401(k) or Roth contributions to the Plan. The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect not to participate in the Plan. Automatically enrolled participants have their deferral rate set at 3% of eligible compensation, and their contributions invested in the designated default fund until changed by the participant. The Plan also features automatic escalation whereby employee contributions will automatically increase by 1% each year until their deferral rate reaches 10% unless the employees opt out of the contribution escalation feature of the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions.

The Plan includes a QACA safe harbor matching contribution. The QACA safe harbor matching contribution equal to 100% of each participant's elective deferral contributions, not to exceed 4% of compensation, plus 50% of each participant's elective deferral contributions exceeding 4% but not to exceed 6% of compensation. The Company elects to make retirement supplement contributions to the employees who were not a participant in or not yet 100% vested in the HM/FM Retirement Plan as of June 30, 2012. For the year ended December 31, 2019, the Company's retirement supplement contributions were $1,477,673.

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Contributions (Continued)

Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollover). Participants direct the investment of contributions into various investment options offered by the Plan. Contributions are subject to certain Internal Revenue Service (IRS) limitations.

Participant Accounts

Each participant's account is credited with the participant's contributions, the Company's QACA safe harbor matching contribution, an allocation of the Company's retirement supplement contribution, and an allocation of Plan earnings or losses. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings or account balances, or participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided by the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's QACA safe harbor matching and retirement supplement contribution portion of their accounts, plus actual earnings thereon, is based on years of credited service. For Company's QACA safe harbor matching contributions, a participant is 100% vested after two years of credited service and for Company's retirement supplement contributions, a participant is 100% vested after four years of credited service. Notwithstanding the above, a participant is fully vested upon reaching normal retirement age, death, or permanent disability.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. The notes receivable are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined quarterly by the Plan administrator. Principal and interest is paid ratably through payroll deductions.

Benefit Payments

Upon termination of service due to death, disability, or retirement, a participant may elect to receive the value of the vested interest in his or her account in the form of a lump sum distribution or installments. The Plan allows for in-service distributions if a participant reaches age 59½ and hardship distributions subject to Plan provisions. If a participant terminates employment and the participant's account balance does not exceed $5,000, the Plan administrator may authorize the benefit payment without the participant's consent. If the balance of the terminated participant's account is between $1,000 and $5,000, the Plan administrator may authorize that the benefit payment be rolled into an individual retirement account in the participant's name.

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Forfeited Accounts

Forfeited nonvested accounts may be used to pay administrative expenses, to reduce future Company's retirement supplement contributions, to reduce future Company's QACA safe harbor matching contributions or allocated to participants. There were $66,679 and $90,332 of forfeitures as of December 31, 2019 and 2018, respectively; and $105,414 of forfeitures were used to reduce Company's retirement supplement contributions for the year ended December 31, 2019.

NOTE 2 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 accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value (except for fully benefit-responsive investment contracts, which are reported at contract value). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan Administrative Committee determines the Plan's valuation policies utilizing information provided by the investment advisers, trustee, and insurance company. See Note 4 for discussion of fair value measurements.

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

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2019 or 2018. Delinquent notes receivable are recorded as distributions on the basis of the terms of the Plan document.

Benefit Payments

Benefits are recorded when paid.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administrative Expenses

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants and benefit payments are charged directly to the participant's account and are included in administrative expense. Investment related expenses are included in net appreciation (depreciation) of fair value of investments.

Subsequent Events

The Plan has evaluated subsequent events through November 18, 2020, the date the financial statements were available to be issued.

NOTE 3 CERTIFICATION OF INVESTMENT INFORMATION

Prudential Bank & Trust, F.S.B., the trustee, and Prudential Retirement Insurance and Annuity Company, the insurance company, have supplied the Plan administrator with a certification as to the completeness and accuracy of all investment information and notes receivable from participants reflected on the accompanying statements of net assets available for benefits as of December 31, 2019 and 2018, the statements of changes in net assets available for benefits for the year ended December 31, 2019, and the supplemental schedule of assets (held at end of year) as of December 31, 2019.

NOTE 4 FAIR VALUE OF INVESTMENTS

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

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- 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.

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

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

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

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

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

Pooled Separate Accounts: Valued at the NAV of units as determined by the insurance company. NAV is a readily determinable fair value and is the basis for current transactions.

The following tables set 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
Mutual Funds	$ 48,062,183	$ -	$ -	$ 48,062,183
Pooled Separate Accounts	-	17,684,682	-	17,684,682
Total Investments at Fair Value	$ 48,062,183	$ 17,684,682	$ -	$ 65,746,865

	2018			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 38,581,263	$ -	$ -	$ 38,581,263
Pooled Separate Accounts	-	14,561,951	-	14,561,951
Total Investments at Fair Value	$ 38,581,263	$ 14,561,951	$ -	$ 53,143,214

NOTE 5 GROUP ANNUITY CONTRACT WITH INSURANCE COMPANY

The Plan has a fully benefit-responsive guaranteed investment contract with Prudential Retirement Insurance and Annuity Company (Prudential). Prudential maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than 0%. Such interest rates are reviewed on a quarterly basis for resetting.

This contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value, as reported to the Plan by Prudential, represents contributions made under the contract, plus earnings, less participant withdrawals, and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

The Plan’s ability to receive amounts due is dependent on the issuer’s ability to meet its financial obligations. The issuer’s ability to meet its contractual obligations may be affected by future economic and regulatory developments.

Certain events might limit the ability of the Plan to transact at contract value with the issuer. Such events include (1) amendments to the Plan documents (including complete or partial Plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other Plan Sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA, or (5) premature termination of the contract. No events are probable of occurring that might limit the ability of the Plan to transact at contract value with the contract issuers and that also would limit the ability of the Plan to transact at contract value with the participants.

The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

In addition, certain events allow the issuer to terminate the contract with the Plan and settle at an amount different from contract value. Such events include (1) an uncured violation of the Plan’s investment guidelines, (2) a breach of material obligation under the contract, (3) a material misrepresentation, and (4) a material amendment to the agreement without the consent of the issuer.

NOTE 6 RISKS AND UNCERTAINTIES

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

NOTE 7 PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, the participants would become 100% vested in their Company contributions.

NOTE 8 PLAN TAX STATUS

The Plan is placing reliance on a determination letter dated April 29, 2014 received from the IRS on the Plan indicating that the Plan is qualified under Section 401 of the IRC and is therefore not subject to tax under current income tax law. The Plan has been amended since receiving the determination letter. The Plan administrator has submitted an application for a new determination letter to take into account all Plan amendments made since the previous letter was received and is currently awaiting a new letter from the IRS. However, the Plan administrator believes that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan is qualified, and the related trust is tax-exempt.

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 not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 9 NONEXEMPT TRANSACTION

During 2019, the Plan sponsor failed to remit certain employee contributions within the timeframe prescribed by the DOL. This was deemed to be a nonexempt transaction in accordance with ERISA and the Internal Revenue Code. The Plan sponsor corrected the prohibited transaction for 2019, during the year by remitting the contributions and lost earnings.

NOTE 10 PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares of pooled separate accounts and unallocated contracts with the general account managed by Prudential Retirement Insurance and Annuity Company. Prudential Retirement Insurance and Annuity Company is the insurance company as defined by the Plan and, therefore, the investment transactions qualify as party-in-interest transactions. Fees incurred by the Plan for the investment management services are included in net appreciation (depreciation) in fair value of investments.

NOTE 11 RESTATEMENT OF 2018 FINANCIAL STATEMENTS

It was determined that contributions receivable did not exist but were recorded as of December 31, 2018. These financial statements have been restated to correct the error. Management recorded an adjustment to contribution receivable and net assets available for benefits as of December 31, 2018 as follows:

	As Previously Stated December 31, 2018	Restatement	As Restated December 31, 2018
Participants' Contributions Receivable	$ 135,041	$ (135,041)	$ -
Company's Contributions Receivable	42,611	(42,611)	-
Net Assets Available for Benefits	60,798,399	(177,652)	60,620,747

HM CLAUSE, INC. 401(K) RETIREMENT PLAN
E.I.N. 94-1632821 PLAN NO. 001
SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2019

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost **	Current Value
		Pooled Separate Accounts		
*	Prudential***	Core Plus Bond / PGIM Fund		8,880,749
*	Prudential	SA / T. Rowe Price Growth Stock Strategy II		8,803,933
		Total Pooled Separate Accounts		17,684,682
		Mutual Funds		
	Fidelity	Fidelity 500 Index Fund		9,119,534
	Wilmington	Large Cap Value Fund R1		7,919,201
	AM Fund	AM Fund Europacific Growth		4,910,985
	Vanguard	Vanguard Intermediate-Term Treasury Fund		4,059,813
	Fidelity	Fidelity Inflation-Protected Bond Index Fund		2,903,132
	Janus	Janus Henderson Enterprise Fund N		2,825,354
	Janus	Janus Henderson Triton Fund N		2,731,594
	Vanguard	Vanguard Dev Mark		2,509,213
	DFA	DFA Global Real Estate Securities Portfolio		2,286,188
	Franklin	Franklin Small Cap		2,005,048
	DFA	DFA Commodity Strategy Portfolio Institutional		1,883,036
	Victory Capital	Victory Sycamore Established Value Fund I		1,586,782
	Vanguard	Vanguard Mid-Cap Index Fund Admiral		1,333,033
	Vanguard	Vanguard Small-Cap Index Fund Admiral		1,039,860
	Invesco	Invesco Oppenheimer Global Fund Y		385,074
	Invesco	Invesco Oppenheimer Developing Markets		318,957
	DFA	DFA Wild Ex US Govt		245,379
		Total Mutual Funds		48,062,183
		Contract with Insurance Company		
*	Prudential	Guaranteed Income Fund		6,585,097
*	Participants	Participant Loans		
		Rates from 5.25% to 7.50%	-	999,694
				$ 73,331,656

** Indicates party-in-interest*
*** Cost omitted for participant-directed accounts*
**** Prudential is short for Prudential Retirement Insurance & Annuity Company*

HM CLAUSE, INC. 401(K) RETIREMENT PLAN
E.I.N. 94-1632821 PLAN NO. 001
SCHEDULE H, LINE 4a – SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2019

Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
Check here if Late Participant Loan Repayments are Included ☐ Yes	$0	$29,188	$0	$0

HM CLAUSE, INC. 401(K) RETIREMENT PLAN

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

DECEMBER 31, 2019 AND 2018 (RESTATED)



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HM CLAUSE, INC. 401(K) RETIREMENT PLAN
TABLE OF CONTENTS
DECEMBER 31, 2019 AND 2018 (RESTATED)

INDEPENDENT AUDITORS' REPORT	**1**
FINANCIAL STATEMENTS	
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS	**4**
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS	**5**
NOTES TO FINANCIAL STATEMENTS	**6**
SUPPLEMENTAL INFORMATION (ATTACHMENT TO FORM 5500)	
SCHEDULE H, LINE 4i—SCHEDULE OF ASSETS (HELD AT END OF YEAR)	**14**
SCHEDULE H, LINE 4a—SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS	**15**

INDEPENDENT AUDITORS' REPORT

Plan Administrative Committee
HM Clause, Inc. 401(k) Retirement Plan
Davis, California

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of HM Clause, Inc. 401(k) Retirement Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2019, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 2019 financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion on the 2019 Financial Statements* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2019 financial statements.

Basis for Disclaimer of Opinion on the 2019 Financial Statements

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Prudential Bank & Trust F.S.B., the trustee, and Prudential Retirement Insurance and Annuity Company, the insurance company, except for comparing such information with the related information included in the 2019 financial statements. We have been informed by the Plan administrator that the insurance company and the trustee hold the Plan's investment assets and execute investment transactions. The Plan administrator has obtained certifications from the insurance company and trustee as of and for the year ended December 31, 2019, that the information provided to the Plan administrator by the insurance company and custodian is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion on the 2019 Financial Statements* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Adjustments to Prior Period Financial Statements

The financial statements of HM Clause, Inc. 401(k) Retirement Plan as of December 31, 2018, were audited by predecessor auditor. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed the predecessor auditors not to perform and they did not perform, any auditing procedures with respect to the information certified by the insurance company and the trustee. Their report, dated October 10, 2019, indicated that (a) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, they did not express an opinion on the financial statements and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the insurance company and the trustee, was presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. As discussed in Note 11, the 2018 financial statements have been restated to correct a misstatement. The predecessor auditors reported on the 2018 financial statements before the restatements.

As part of audit of the 2019 financial statements, we also audited the adjustments described in Note 11 that were applied to restate the 2018 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2018 financial statements of the Plan other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2018 financial statements.

Other Matter – Supplemental Schedule

The supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year), and Schedule H, Line 4a – Schedule of Delinquent Participant Contributions as of and for the year ended December 31, 2019, are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion on the 2019* paragraph, we do not express an opinion on the supplemental schedule.

Plan Administrative Committee
HM Clause, Inc. 401(k) Retirement Plan

Report on Form and Content in Compliance With DOL Rules and Regulations - 2019

The form and content of the information included in the 2019 financial statements and supplemental schedules, other than that derived from the information certified by the trustee and insurance company, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
November 18, 2020

HM CLAUSE, INC. 401(K) RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2019 AND 2018 (RESTATED)

	2019	(Restated) 2018
ASSETS		
INVESTMENTS (at Fair Value)		
Mutual Funds	$ 48,062,183	$ 38,581,263
Pooled Separate Accounts	17,684,682	14,561,951
Total Investments at Fair Value	65,746,865	53,143,214
INVESTMENTS (at Contract Value)	6,585,097	6,594,340
CASH	-	300
RECEIVABLES		
Participants' Contributions	-	-
Company's Matching Contributions	-	-
Notes Receivable from Participants	999,694	882,893
Total Receivables	999,694	882,893
NET ASSETS AVAILABLE FOR BENEFITS	$ 73,331,656	$ 60,620,747

See accompanying Notes to Financial Statements.

HM CLAUSE, INC. 401(K) RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2019

ADDITIONS:	
INVESTMENT INCOME	
Net Appreciation in Fair Value of Investments	$ 11,965,945
Interest and Dividends	920,885
Total Investment Income	12,886,830
INTEREST INCOME ON NOTES RECEIVABLE FROM PARTICIPANTS	59,559
CONTRIBUTIONS	
Participants	3,759,027
Company	3,334,665
Rollover	262,477
Total Contributions	7,356,169
Total Additions	20,302,558
DEDUCTIONS:	
BENEFITS PAID TO PARTICIPANTS	7,396,507
ADMINISTRATIVE EXPENSES	195,142
Total Deductions	7,591,649
NET INCREASE	12,710,909
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of Year	60,620,747
End of Year	$ 73,331,656

See accompanying Notes to Financial Statements.

NOTE 1 DESCRIPTION OF PLAN

The following description of HM Clause, Inc. 401(k) Retirement Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan originally effective January 1, 1986. The Plan has been amended throughout the years to comply with tax legislation and most recently restated effective July 1, 2017. The Plan excludes leased employees, nonresident aliens, residents of or those performing work in Puerto Rico, expatriate employees and any self-employed individuals. The Plan is subject to the Employee Retirement Income Security Act of 1974 (ERISA). The Plan Administrative Committee is responsible for the oversight of the Plan, determining the appropriateness of the Plan's investment offerings, and monitoring investment performance.

Eligibility

Employees of HM Clause, Inc. and Affiliated Corporations (the Company) are eligible to participate in the deferral and Company's QACA safe harbor matching contributions of the Plan following 30 days of employment. There is no age requirement to participate in these components of the Plan. Participants are eligible for the Company's retirement supplement contribution after six months of service and if the employee was not a participant in or not yet 100% vested in the HM/FM Retirement Plan as of June 30, 2012.

Contributions

The Plan includes a salary deferral arrangement allowed under Section 401(k) of the Internal Revenue Code (IRC). Eligible participants are permitted to elect to have a percentage, limited by Plan provisions, of their compensation contributed as pre-tax 401(k) or Roth contributions to the Plan. The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect not to participate in the Plan. Automatically enrolled participants have their deferral rate set at 3% of eligible compensation, and their contributions invested in the designated default fund until changed by the participant. The Plan also features automatic escalation whereby employee contributions will automatically increase by 1% each year until their deferral rate reaches 10% unless the employees opt out of the contribution escalation feature of the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions.

The Plan includes a QACA safe harbor matching contribution. The QACA safe harbor matching contribution equal to 100% of each participant's elective deferral contributions, not to exceed 4% of compensation, plus 50% of each participant's elective deferral contributions exceeding 4% but not to exceed 6% of compensation. The Company elects to make retirement supplement contributions to the employees who were not a participant in or not yet 100% vested in the HM/FM Retirement Plan as of June 30, 2012. For the year ended December 31, 2019, the Company's retirement supplement contributions were $1,477,673.

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Contributions (Continued)

Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollover). Participants direct the investment of contributions into various investment options offered by the Plan. Contributions are subject to certain Internal Revenue Service (IRS) limitations.

Participant Accounts

Each participant's account is credited with the participant's contributions, the Company's QACA safe harbor matching contribution, an allocation of the Company's retirement supplement contribution, and an allocation of Plan earnings or losses. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings or account balances, or participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided by the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's QACA safe harbor matching and retirement supplement contribution portion of their accounts, plus actual earnings thereon, is based on years of credited service. For Company's QACA safe harbor matching contributions, a participant is 100% vested after two years of credited service and for Company's retirement supplement contributions, a participant is 100% vested after four years of credited service. Notwithstanding the above, a participant is fully vested upon reaching normal retirement age, death, or permanent disability.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. The notes receivable are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined quarterly by the Plan administrator. Principal and interest is paid ratably through payroll deductions.

Benefit Payments

Upon termination of service due to death, disability, or retirement, a participant may elect to receive the value of the vested interest in his or her account in the form of a lump sum distribution or installments. The Plan allows for in-service distributions if a participant reaches age 59½ and hardship distributions subject to Plan provisions. If a participant terminates employment and the participant's account balance does not exceed $5,000, the Plan administrator may authorize the benefit payment without the participant's consent. If the balance of the terminated participant's account is between $1,000 and $5,000, the Plan administrator may authorize that the benefit payment be rolled into an individual retirement account in the participant's name.

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Forfeited Accounts

Forfeited nonvested accounts may be used to pay administrative expenses, to reduce future Company's retirement supplement contributions, to reduce future Company's QACA safe harbor matching contributions or allocated to participants. There were $66,679 and $90,332 of forfeitures as of December 31, 2019 and 2018, respectively; and $105,414 of forfeitures were used to reduce Company's retirement supplement contributions for the year ended December 31, 2019.

NOTE 2 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 accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value (except for fully benefit-responsive investment contracts, which are reported at contract value). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan Administrative Committee determines the Plan's valuation policies utilizing information provided by the investment advisers, trustee, and insurance company. See Note 4 for discussion of fair value measurements.

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

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2019 or 2018. Delinquent notes receivable are recorded as distributions on the basis of the terms of the Plan document.

Benefit Payments

Benefits are recorded when paid.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administrative Expenses

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants and benefit payments are charged directly to the participant's account and are included in administrative expense. Investment related expenses are included in net appreciation (depreciation) of fair value of investments.

Subsequent Events

The Plan has evaluated subsequent events through November 18, 2020, the date the financial statements were available to be issued.

NOTE 3 CERTIFICATION OF INVESTMENT INFORMATION

Prudential Bank & Trust, F.S.B., the trustee, and Prudential Retirement Insurance and Annuity Company, the insurance company, have supplied the Plan administrator with a certification as to the completeness and accuracy of all investment information and notes receivable from participants reflected on the accompanying statements of net assets available for benefits as of December 31, 2019 and 2018, the statements of changes in net assets available for benefits for the year ended December 31, 2019, and the supplemental schedule of assets (held at end of year) as of December 31, 2019.

NOTE 4 FAIR VALUE OF INVESTMENTS

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

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- 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.

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

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

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

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

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

Pooled Separate Accounts: Valued at the NAV of units as determined by the insurance company. NAV is a readily determinable fair value and is the basis for current transactions.

The following tables set 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
Mutual Funds	$ 48,062,183	$ -	$ -	$ 48,062,183
Pooled Separate Accounts	-	17,684,682	-	17,684,682
Total Investments at Fair Value	$ 48,062,183	$ 17,684,682	$ -	$ 65,746,865

	2018			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 38,581,263	$ -	$ -	$ 38,581,263
Pooled Separate Accounts	-	14,561,951	-	14,561,951
Total Investments at Fair Value	$ 38,581,263	$ 14,561,951	$ -	$ 53,143,214

NOTE 5 GROUP ANNUITY CONTRACT WITH INSURANCE COMPANY

The Plan has a fully benefit-responsive guaranteed investment contract with Prudential Retirement Insurance and Annuity Company (Prudential). Prudential maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than 0%. Such interest rates are reviewed on a quarterly basis for resetting.

This contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value, as reported to the Plan by Prudential, represents contributions made under the contract, plus earnings, less participant withdrawals, and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

The Plan’s ability to receive amounts due is dependent on the issuer’s ability to meet its financial obligations. The issuer’s ability to meet its contractual obligations may be affected by future economic and regulatory developments.

Certain events might limit the ability of the Plan to transact at contract value with the issuer. Such events include (1) amendments to the Plan documents (including complete or partial Plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other Plan Sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA, or (5) premature termination of the contract. No events are probable of occurring that might limit the ability of the Plan to transact at contract value with the contract issuers and that also would limit the ability of the Plan to transact at contract value with the participants.

The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

In addition, certain events allow the issuer to terminate the contract with the Plan and settle at an amount different from contract value. Such events include (1) an uncured violation of the Plan’s investment guidelines, (2) a breach of material obligation under the contract, (3) a material misrepresentation, and (4) a material amendment to the agreement without the consent of the issuer.

NOTE 6 RISKS AND UNCERTAINTIES

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

NOTE 7 PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, the participants would become 100% vested in their Company contributions.

NOTE 8 PLAN TAX STATUS

The Plan is placing reliance on a determination letter dated April 29, 2014 received from the IRS on the Plan indicating that the Plan is qualified under Section 401 of the IRC and is therefore not subject to tax under current income tax law. The Plan has been amended since receiving the determination letter. The Plan administrator has submitted an application for a new determination letter to take into account all Plan amendments made since the previous letter was received and is currently awaiting a new letter from the IRS. However, the Plan administrator believes that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan is qualified, and the related trust is tax-exempt.

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 not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 9 NONEXEMPT TRANSACTION

During 2019, the Plan sponsor failed to remit certain employee contributions within the timeframe prescribed by the DOL. This was deemed to be a nonexempt transaction in accordance with ERISA and the Internal Revenue Code. The Plan sponsor corrected the prohibited transaction for 2019, during the year by remitting the contributions and lost earnings.

NOTE 10 PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares of pooled separate accounts and unallocated contracts with the general account managed by Prudential Retirement Insurance and Annuity Company. Prudential Retirement Insurance and Annuity Company is the insurance company as defined by the Plan and, therefore, the investment transactions qualify as party-in-interest transactions. Fees incurred by the Plan for the investment management services are included in net appreciation (depreciation) in fair value of investments.

NOTE 11 RESTATEMENT OF 2018 FINANCIAL STATEMENTS

It was determined that contributions receivable did not exist but were recorded as of December 31, 2018. These financial statements have been restated to correct the error. Management recorded an adjustment to contribution receivable and net assets available for benefits as of December 31, 2018 as follows:

	As Previously Stated December 31, 2018	Restatement	As Restated December 31, 2018
Participants' Contributions Receivable	$ 135,041	$ (135,041)	$ -
Company's Contributions Receivable	42,611	(42,611)	-
Net Assets Available for Benefits	60,798,399	(177,652)	60,620,747

HM CLAUSE, INC. 401(K) RETIREMENT PLAN
E.I.N. 94-1632821 PLAN NO. 001
SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2019

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost **	Current Value
		Pooled Separate Accounts		
*	Prudential***	Core Plus Bond / PGIM Fund		8,880,749
*	Prudential	SA / T. Rowe Price Growth Stock Strategy II		8,803,933
		Total Pooled Separate Accounts		17,684,682
		Mutual Funds		
	Fidelity	Fidelity 500 Index Fund		9,119,534
	Wilmington	Large Cap Value Fund R1		7,919,201
	AM Fund	AM Fund Europacific Growth		4,910,985
	Vanguard	Vanguard Intermediate-Term Treasury Fund		4,059,813
	Fidelity	Fidelity Inflation-Protected Bond Index Fund		2,903,132
	Janus	Janus Henderson Enterprise Fund N		2,825,354
	Janus	Janus Henderson Triton Fund N		2,731,594
	Vanguard	Vanguard Dev Mark		2,509,213
	DFA	DFA Global Real Estate Securities Portfolio		2,286,188
	Franklin	Franklin Small Cap		2,005,048
	DFA	DFA Commodity Strategy Portfolio Institutional		1,883,036
	Victory Capital	Victory Sycamore Established Value Fund I		1,586,782
	Vanguard	Vanguard Mid-Cap Index Fund Admiral		1,333,033
	Vanguard	Vanguard Small-Cap Index Fund Admiral		1,039,860
	Invesco	Invesco Oppenheimer Global Fund Y		385,074
	Invesco	Invesco Oppenheimer Developing Markets		318,957
	DFA	DFA Wild Ex US Govt		245,379
		Total Mutual Funds		48,062,183
		Contract with Insurance Company		
*	Prudential	Guaranteed Income Fund		6,585,097
*	Participants	Participant Loans		
		Rates from 5.25% to 7.50%	-	999,694
				$ 73,331,656

** Indicates party-in-interest*
*** Cost omitted for participant-directed accounts*
**** Prudential is short for Prudential Retirement Insurance & Annuity Company*

HM CLAUSE, INC. 401(K) RETIREMENT PLAN
E.I.N. 94-1632821 PLAN NO. 001
SCHEDULE H, LINE 4a – SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2019

Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
Check here if Late Participant Loan Repayments are Included ☐ Yes	$0	$29,188	$0	$0

HM CLAUSE, INC. 401(K) RETIREMENT PLAN

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

DECEMBER 31, 2019 AND 2018 (RESTATED)



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

HM CLAUSE, INC. 401(K) RETIREMENT PLAN
TABLE OF CONTENTS
DECEMBER 31, 2019 AND 2018 (RESTATED)

INDEPENDENT AUDITORS' REPORT	**1**
FINANCIAL STATEMENTS	
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS	**4**
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS	**5**
NOTES TO FINANCIAL STATEMENTS	**6**
SUPPLEMENTAL INFORMATION (ATTACHMENT TO FORM 5500)	
SCHEDULE H, LINE 4i—SCHEDULE OF ASSETS (HELD AT END OF YEAR)	**14**
SCHEDULE H, LINE 4a—SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS	**15**

INDEPENDENT AUDITORS' REPORT

Plan Administrative Committee
HM Clause, Inc. 401(k) Retirement Plan
Davis, California

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of HM Clause, Inc. 401(k) Retirement Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2019, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 2019 financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion on the 2019 Financial Statements* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2019 financial statements.

Basis for Disclaimer of Opinion on the 2019 Financial Statements

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Prudential Bank & Trust F.S.B., the trustee, and Prudential Retirement Insurance and Annuity Company, the insurance company, except for comparing such information with the related information included in the 2019 financial statements. We have been informed by the Plan administrator that the insurance company and the trustee hold the Plan's investment assets and execute investment transactions. The Plan administrator has obtained certifications from the insurance company and trustee as of and for the year ended December 31, 2019, that the information provided to the Plan administrator by the insurance company and custodian is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion on the 2019 Financial Statements* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Adjustments to Prior Period Financial Statements

The financial statements of HM Clause, Inc. 401(k) Retirement Plan as of December 31, 2018, were audited by predecessor auditor. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed the predecessor auditors not to perform and they did not perform, any auditing procedures with respect to the information certified by the insurance company and the trustee. Their report, dated October 10, 2019, indicated that (a) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, they did not express an opinion on the financial statements and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the insurance company and the trustee, was presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. As discussed in Note 11, the 2018 financial statements have been restated to correct a misstatement. The predecessor auditors reported on the 2018 financial statements before the restatements.

As part of audit of the 2019 financial statements, we also audited the adjustments described in Note 11 that were applied to restate the 2018 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2018 financial statements of the Plan other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2018 financial statements.

Other Matter – Supplemental Schedule

The supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year), and Schedule H, Line 4a – Schedule of Delinquent Participant Contributions as of and for the year ended December 31, 2019, are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion on the 2019* paragraph, we do not express an opinion on the supplemental schedule.

Plan Administrative Committee
HM Clause, Inc. 401(k) Retirement Plan

Report on Form and Content in Compliance With DOL Rules and Regulations - 2019

The form and content of the information included in the 2019 financial statements and supplemental schedules, other than that derived from the information certified by the trustee and insurance company, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
November 18, 2020

HM CLAUSE, INC. 401(K) RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2019 AND 2018 (RESTATED)

	2019	(Restated) 2018
ASSETS		
INVESTMENTS (at Fair Value)		
Mutual Funds	$ 48,062,183	$ 38,581,263
Pooled Separate Accounts	17,684,682	14,561,951
Total Investments at Fair Value	65,746,865	53,143,214
INVESTMENTS (at Contract Value)	6,585,097	6,594,340
CASH	-	300
RECEIVABLES		
Participants' Contributions	-	-
Company's Matching Contributions	-	-
Notes Receivable from Participants	999,694	882,893
Total Receivables	999,694	882,893
NET ASSETS AVAILABLE FOR BENEFITS	$ 73,331,656	$ 60,620,747

See accompanying Notes to Financial Statements.

HM CLAUSE, INC. 401(K) RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2019

ADDITIONS:	
INVESTMENT INCOME	
Net Appreciation in Fair Value of Investments	$ 11,965,945
Interest and Dividends	920,885
Total Investment Income	12,886,830
INTEREST INCOME ON NOTES RECEIVABLE FROM PARTICIPANTS	59,559
CONTRIBUTIONS	
Participants	3,759,027
Company	3,334,665
Rollover	262,477
Total Contributions	7,356,169
Total Additions	20,302,558
DEDUCTIONS:	
BENEFITS PAID TO PARTICIPANTS	7,396,507
ADMINISTRATIVE EXPENSES	195,142
Total Deductions	7,591,649
NET INCREASE	12,710,909
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of Year	60,620,747
End of Year	$ 73,331,656

See accompanying Notes to Financial Statements.

NOTE 1 DESCRIPTION OF PLAN

The following description of HM Clause, Inc. 401(k) Retirement Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan originally effective January 1, 1986. The Plan has been amended throughout the years to comply with tax legislation and most recently restated effective July 1, 2017. The Plan excludes leased employees, nonresident aliens, residents of or those performing work in Puerto Rico, expatriate employees and any self-employed individuals. The Plan is subject to the Employee Retirement Income Security Act of 1974 (ERISA). The Plan Administrative Committee is responsible for the oversight of the Plan, determining the appropriateness of the Plan's investment offerings, and monitoring investment performance.

Eligibility

Employees of HM Clause, Inc. and Affiliated Corporations (the Company) are eligible to participate in the deferral and Company's QACA safe harbor matching contributions of the Plan following 30 days of employment. There is no age requirement to participate in these components of the Plan. Participants are eligible for the Company's retirement supplement contribution after six months of service and if the employee was not a participant in or not yet 100% vested in the HM/FM Retirement Plan as of June 30, 2012.

Contributions

The Plan includes a salary deferral arrangement allowed under Section 401(k) of the Internal Revenue Code (IRC). Eligible participants are permitted to elect to have a percentage, limited by Plan provisions, of their compensation contributed as pre-tax 401(k) or Roth contributions to the Plan. The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect not to participate in the Plan. Automatically enrolled participants have their deferral rate set at 3% of eligible compensation, and their contributions invested in the designated default fund until changed by the participant. The Plan also features automatic escalation whereby employee contributions will automatically increase by 1% each year until their deferral rate reaches 10% unless the employees opt out of the contribution escalation feature of the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions.

The Plan includes a QACA safe harbor matching contribution. The QACA safe harbor matching contribution equal to 100% of each participant's elective deferral contributions, not to exceed 4% of compensation, plus 50% of each participant's elective deferral contributions exceeding 4% but not to exceed 6% of compensation. The Company elects to make retirement supplement contributions to the employees who were not a participant in or not yet 100% vested in the HM/FM Retirement Plan as of June 30, 2012. For the year ended December 31, 2019, the Company's retirement supplement contributions were $1,477,673.

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Contributions (Continued)

Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollover). Participants direct the investment of contributions into various investment options offered by the Plan. Contributions are subject to certain Internal Revenue Service (IRS) limitations.

Participant Accounts

Each participant's account is credited with the participant's contributions, the Company's QACA safe harbor matching contribution, an allocation of the Company's retirement supplement contribution, and an allocation of Plan earnings or losses. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings or account balances, or participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided by the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's QACA safe harbor matching and retirement supplement contribution portion of their accounts, plus actual earnings thereon, is based on years of credited service. For Company's QACA safe harbor matching contributions, a participant is 100% vested after two years of credited service and for Company's retirement supplement contributions, a participant is 100% vested after four years of credited service. Notwithstanding the above, a participant is fully vested upon reaching normal retirement age, death, or permanent disability.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. The notes receivable are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined quarterly by the Plan administrator. Principal and interest is paid ratably through payroll deductions.

Benefit Payments

Upon termination of service due to death, disability, or retirement, a participant may elect to receive the value of the vested interest in his or her account in the form of a lump sum distribution or installments. The Plan allows for in-service distributions if a participant reaches age 59½ and hardship distributions subject to Plan provisions. If a participant terminates employment and the participant's account balance does not exceed $5,000, the Plan administrator may authorize the benefit payment without the participant's consent. If the balance of the terminated participant's account is between $1,000 and $5,000, the Plan administrator may authorize that the benefit payment be rolled into an individual retirement account in the participant's name.

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Forfeited Accounts

Forfeited nonvested accounts may be used to pay administrative expenses, to reduce future Company's retirement supplement contributions, to reduce future Company's QACA safe harbor matching contributions or allocated to participants. There were $66,679 and $90,332 of forfeitures as of December 31, 2019 and 2018, respectively; and $105,414 of forfeitures were used to reduce Company's retirement supplement contributions for the year ended December 31, 2019.

NOTE 2 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 accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value (except for fully benefit-responsive investment contracts, which are reported at contract value). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan Administrative Committee determines the Plan's valuation policies utilizing information provided by the investment advisers, trustee, and insurance company. See Note 4 for discussion of fair value measurements.

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

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2019 or 2018. Delinquent notes receivable are recorded as distributions on the basis of the terms of the Plan document.

Benefit Payments

Benefits are recorded when paid.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administrative Expenses

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants and benefit payments are charged directly to the participant's account and are included in administrative expense. Investment related expenses are included in net appreciation (depreciation) of fair value of investments.

Subsequent Events

The Plan has evaluated subsequent events through November 18, 2020, the date the financial statements were available to be issued.

NOTE 3 CERTIFICATION OF INVESTMENT INFORMATION

Prudential Bank & Trust, F.S.B., the trustee, and Prudential Retirement Insurance and Annuity Company, the insurance company, have supplied the Plan administrator with a certification as to the completeness and accuracy of all investment information and notes receivable from participants reflected on the accompanying statements of net assets available for benefits as of December 31, 2019 and 2018, the statements of changes in net assets available for benefits for the year ended December 31, 2019, and the supplemental schedule of assets (held at end of year) as of December 31, 2019.

NOTE 4 FAIR VALUE OF INVESTMENTS

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

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- 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.

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

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

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

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

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

Pooled Separate Accounts: Valued at the NAV of units as determined by the insurance company. NAV is a readily determinable fair value and is the basis for current transactions.

The following tables set 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
Mutual Funds	$ 48,062,183	$ -	$ -	$ 48,062,183
Pooled Separate Accounts	-	17,684,682	-	17,684,682
Total Investments at Fair Value	$ 48,062,183	$ 17,684,682	$ -	$ 65,746,865

	2018			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 38,581,263	$ -	$ -	$ 38,581,263
Pooled Separate Accounts	-	14,561,951	-	14,561,951
Total Investments at Fair Value	$ 38,581,263	$ 14,561,951	$ -	$ 53,143,214

NOTE 5 GROUP ANNUITY CONTRACT WITH INSURANCE COMPANY

The Plan has a fully benefit-responsive guaranteed investment contract with Prudential Retirement Insurance and Annuity Company (Prudential). Prudential maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than 0%. Such interest rates are reviewed on a quarterly basis for resetting.

This contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value, as reported to the Plan by Prudential, represents contributions made under the contract, plus earnings, less participant withdrawals, and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

The Plan’s ability to receive amounts due is dependent on the issuer’s ability to meet its financial obligations. The issuer’s ability to meet its contractual obligations may be affected by future economic and regulatory developments.

Certain events might limit the ability of the Plan to transact at contract value with the issuer. Such events include (1) amendments to the Plan documents (including complete or partial Plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other Plan Sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA, or (5) premature termination of the contract. No events are probable of occurring that might limit the ability of the Plan to transact at contract value with the contract issuers and that also would limit the ability of the Plan to transact at contract value with the participants.

The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

In addition, certain events allow the issuer to terminate the contract with the Plan and settle at an amount different from contract value. Such events include (1) an uncured violation of the Plan’s investment guidelines, (2) a breach of material obligation under the contract, (3) a material misrepresentation, and (4) a material amendment to the agreement without the consent of the issuer.

NOTE 6 RISKS AND UNCERTAINTIES

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

NOTE 7 PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, the participants would become 100% vested in their Company contributions.

NOTE 8 PLAN TAX STATUS

The Plan is placing reliance on a determination letter dated April 29, 2014 received from the IRS on the Plan indicating that the Plan is qualified under Section 401 of the IRC and is therefore not subject to tax under current income tax law. The Plan has been amended since receiving the determination letter. The Plan administrator has submitted an application for a new determination letter to take into account all Plan amendments made since the previous letter was received and is currently awaiting a new letter from the IRS. However, the Plan administrator believes that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan is qualified, and the related trust is tax-exempt.

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 not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 9 NONEXEMPT TRANSACTION

During 2019, the Plan sponsor failed to remit certain employee contributions within the timeframe prescribed by the DOL. This was deemed to be a nonexempt transaction in accordance with ERISA and the Internal Revenue Code. The Plan sponsor corrected the prohibited transaction for 2019, during the year by remitting the contributions and lost earnings.

NOTE 10 PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares of pooled separate accounts and unallocated contracts with the general account managed by Prudential Retirement Insurance and Annuity Company. Prudential Retirement Insurance and Annuity Company is the insurance company as defined by the Plan and, therefore, the investment transactions qualify as party-in-interest transactions. Fees incurred by the Plan for the investment management services are included in net appreciation (depreciation) in fair value of investments.

NOTE 11 RESTATEMENT OF 2018 FINANCIAL STATEMENTS

It was determined that contributions receivable did not exist but were recorded as of December 31, 2018. These financial statements have been restated to correct the error. Management recorded an adjustment to contribution receivable and net assets available for benefits as of December 31, 2018 as follows:

	As Previously Stated December 31, 2018	Restatement	As Restated December 31, 2018
Participants' Contributions Receivable	$ 135,041	$ (135,041)	$ -
Company's Contributions Receivable	42,611	(42,611)	-
Net Assets Available for Benefits	60,798,399	(177,652)	60,620,747

HM CLAUSE, INC. 401(K) RETIREMENT PLAN
E.I.N. 94-1632821 PLAN NO. 001
SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2019

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost **	Current Value
		Pooled Separate Accounts		
*	Prudential***	Core Plus Bond / PGIM Fund		8,880,749
*	Prudential	SA / T. Rowe Price Growth Stock Strategy II		8,803,933
		Total Pooled Separate Accounts		17,684,682
		Mutual Funds		
	Fidelity	Fidelity 500 Index Fund		9,119,534
	Wilmington	Large Cap Value Fund R1		7,919,201
	AM Fund	AM Fund Europacific Growth		4,910,985
	Vanguard	Vanguard Intermediate-Term Treasury Fund		4,059,813
	Fidelity	Fidelity Inflation-Protected Bond Index Fund		2,903,132
	Janus	Janus Henderson Enterprise Fund N		2,825,354
	Janus	Janus Henderson Triton Fund N		2,731,594
	Vanguard	Vanguard Dev Mark		2,509,213
	DFA	DFA Global Real Estate Securities Portfolio		2,286,188
	Franklin	Franklin Small Cap		2,005,048
	DFA	DFA Commodity Strategy Portfolio Institutional		1,883,036
	Victory Capital	Victory Sycamore Established Value Fund I		1,586,782
	Vanguard	Vanguard Mid-Cap Index Fund Admiral		1,333,033
	Vanguard	Vanguard Small-Cap Index Fund Admiral		1,039,860
	Invesco	Invesco Oppenheimer Global Fund Y		385,074
	Invesco	Invesco Oppenheimer Developing Markets		318,957
	DFA	DFA Wild Ex US Govt		245,379
		Total Mutual Funds		48,062,183
		Contract with Insurance Company		
*	Prudential	Guaranteed Income Fund		6,585,097
*	Participants	Participant Loans		
		Rates from 5.25% to 7.50%	-	999,694
				$ 73,331,656

** Indicates party-in-interest*
*** Cost omitted for participant-directed accounts*
**** Prudential is short for Prudential Retirement Insurance & Annuity Company*

HM CLAUSE, INC. 401(K) RETIREMENT PLAN
E.I.N. 94-1632821 PLAN NO. 001
SCHEDULE H, LINE 4a – SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2019

Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
Check here if Late Participant Loan Repayments are Included ☐ Yes	$0	$29,188	$0	$0

HM CLAUSE, INC. 401(K) RETIREMENT PLAN

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

DECEMBER 31, 2019 AND 2018 (RESTATED)



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

HM CLAUSE, INC. 401(K) RETIREMENT PLAN
TABLE OF CONTENTS
DECEMBER 31, 2019 AND 2018 (RESTATED)

INDEPENDENT AUDITORS' REPORT	**1**
FINANCIAL STATEMENTS	
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS	**4**
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS	**5**
NOTES TO FINANCIAL STATEMENTS	**6**
SUPPLEMENTAL INFORMATION (ATTACHMENT TO FORM 5500)	
SCHEDULE H, LINE 4i—SCHEDULE OF ASSETS (HELD AT END OF YEAR)	**14**
SCHEDULE H, LINE 4a—SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS	**15**

INDEPENDENT AUDITORS' REPORT

Plan Administrative Committee
HM Clause, Inc. 401(k) Retirement Plan
Davis, California

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of HM Clause, Inc. 401(k) Retirement Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2019, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 2019 financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion on the 2019 Financial Statements* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2019 financial statements.

Basis for Disclaimer of Opinion on the 2019 Financial Statements

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Prudential Bank & Trust F.S.B., the trustee, and Prudential Retirement Insurance and Annuity Company, the insurance company, except for comparing such information with the related information included in the 2019 financial statements. We have been informed by the Plan administrator that the insurance company and the trustee hold the Plan's investment assets and execute investment transactions. The Plan administrator has obtained certifications from the insurance company and trustee as of and for the year ended December 31, 2019, that the information provided to the Plan administrator by the insurance company and custodian is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion on the 2019 Financial Statements* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Adjustments to Prior Period Financial Statements

The financial statements of HM Clause, Inc. 401(k) Retirement Plan as of December 31, 2018, were audited by predecessor auditor. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed the predecessor auditors not to perform and they did not perform, any auditing procedures with respect to the information certified by the insurance company and the trustee. Their report, dated October 10, 2019, indicated that (a) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, they did not express an opinion on the financial statements and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the insurance company and the trustee, was presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. As discussed in Note 11, the 2018 financial statements have been restated to correct a misstatement. The predecessor auditors reported on the 2018 financial statements before the restatements.

As part of audit of the 2019 financial statements, we also audited the adjustments described in Note 11 that were applied to restate the 2018 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2018 financial statements of the Plan other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2018 financial statements.

Other Matter – Supplemental Schedule

The supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year), and Schedule H, Line 4a – Schedule of Delinquent Participant Contributions as of and for the year ended December 31, 2019, are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion on the 2019* paragraph, we do not express an opinion on the supplemental schedule.

Plan Administrative Committee
HM Clause, Inc. 401(k) Retirement Plan

Report on Form and Content in Compliance With DOL Rules and Regulations - 2019

The form and content of the information included in the 2019 financial statements and supplemental schedules, other than that derived from the information certified by the trustee and insurance company, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
November 18, 2020

HM CLAUSE, INC. 401(K) RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2019 AND 2018 (RESTATED)

	2019	(Restated) 2018
ASSETS		
INVESTMENTS (at Fair Value)		
Mutual Funds	$ 48,062,183	$ 38,581,263
Pooled Separate Accounts	17,684,682	14,561,951
Total Investments at Fair Value	65,746,865	53,143,214
INVESTMENTS (at Contract Value)	6,585,097	6,594,340
CASH	-	300
RECEIVABLES		
Participants' Contributions	-	-
Company's Matching Contributions	-	-
Notes Receivable from Participants	999,694	882,893
Total Receivables	999,694	882,893
NET ASSETS AVAILABLE FOR BENEFITS	$ 73,331,656	$ 60,620,747

See accompanying Notes to Financial Statements.

HM CLAUSE, INC. 401(K) RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2019

ADDITIONS:	
INVESTMENT INCOME	
Net Appreciation in Fair Value of Investments	$ 11,965,945
Interest and Dividends	920,885
Total Investment Income	12,886,830
INTEREST INCOME ON NOTES RECEIVABLE FROM PARTICIPANTS	59,559
CONTRIBUTIONS	
Participants	3,759,027
Company	3,334,665
Rollover	262,477
Total Contributions	7,356,169
Total Additions	20,302,558
DEDUCTIONS:	
BENEFITS PAID TO PARTICIPANTS	7,396,507
ADMINISTRATIVE EXPENSES	195,142
Total Deductions	7,591,649
NET INCREASE	12,710,909
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of Year	60,620,747
End of Year	$ 73,331,656

See accompanying Notes to Financial Statements.

NOTE 1 DESCRIPTION OF PLAN

The following description of HM Clause, Inc. 401(k) Retirement Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan originally effective January 1, 1986. The Plan has been amended throughout the years to comply with tax legislation and most recently restated effective July 1, 2017. The Plan excludes leased employees, nonresident aliens, residents of or those performing work in Puerto Rico, expatriate employees and any self-employed individuals. The Plan is subject to the Employee Retirement Income Security Act of 1974 (ERISA). The Plan Administrative Committee is responsible for the oversight of the Plan, determining the appropriateness of the Plan's investment offerings, and monitoring investment performance.

Eligibility

Employees of HM Clause, Inc. and Affiliated Corporations (the Company) are eligible to participate in the deferral and Company's QACA safe harbor matching contributions of the Plan following 30 days of employment. There is no age requirement to participate in these components of the Plan. Participants are eligible for the Company's retirement supplement contribution after six months of service and if the employee was not a participant in or not yet 100% vested in the HM/FM Retirement Plan as of June 30, 2012.

Contributions

The Plan includes a salary deferral arrangement allowed under Section 401(k) of the Internal Revenue Code (IRC). Eligible participants are permitted to elect to have a percentage, limited by Plan provisions, of their compensation contributed as pre-tax 401(k) or Roth contributions to the Plan. The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect not to participate in the Plan. Automatically enrolled participants have their deferral rate set at 3% of eligible compensation, and their contributions invested in the designated default fund until changed by the participant. The Plan also features automatic escalation whereby employee contributions will automatically increase by 1% each year until their deferral rate reaches 10% unless the employees opt out of the contribution escalation feature of the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions.

The Plan includes a QACA safe harbor matching contribution. The QACA safe harbor matching contribution equal to 100% of each participant's elective deferral contributions, not to exceed 4% of compensation, plus 50% of each participant's elective deferral contributions exceeding 4% but not to exceed 6% of compensation. The Company elects to make retirement supplement contributions to the employees who were not a participant in or not yet 100% vested in the HM/FM Retirement Plan as of June 30, 2012. For the year ended December 31, 2019, the Company's retirement supplement contributions were $1,477,673.

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Contributions (Continued)

Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollover). Participants direct the investment of contributions into various investment options offered by the Plan. Contributions are subject to certain Internal Revenue Service (IRS) limitations.

Participant Accounts

Each participant's account is credited with the participant's contributions, the Company's QACA safe harbor matching contribution, an allocation of the Company's retirement supplement contribution, and an allocation of Plan earnings or losses. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings or account balances, or participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided by the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's QACA safe harbor matching and retirement supplement contribution portion of their accounts, plus actual earnings thereon, is based on years of credited service. For Company's QACA safe harbor matching contributions, a participant is 100% vested after two years of credited service and for Company's retirement supplement contributions, a participant is 100% vested after four years of credited service. Notwithstanding the above, a participant is fully vested upon reaching normal retirement age, death, or permanent disability.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. The notes receivable are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined quarterly by the Plan administrator. Principal and interest is paid ratably through payroll deductions.

Benefit Payments

Upon termination of service due to death, disability, or retirement, a participant may elect to receive the value of the vested interest in his or her account in the form of a lump sum distribution or installments. The Plan allows for in-service distributions if a participant reaches age 59½ and hardship distributions subject to Plan provisions. If a participant terminates employment and the participant's account balance does not exceed $5,000, the Plan administrator may authorize the benefit payment without the participant's consent. If the balance of the terminated participant's account is between $1,000 and $5,000, the Plan administrator may authorize that the benefit payment be rolled into an individual retirement account in the participant's name.

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Forfeited Accounts

Forfeited nonvested accounts may be used to pay administrative expenses, to reduce future Company's retirement supplement contributions, to reduce future Company's QACA safe harbor matching contributions or allocated to participants. There were $66,679 and $90,332 of forfeitures as of December 31, 2019 and 2018, respectively; and $105,414 of forfeitures were used to reduce Company's retirement supplement contributions for the year ended December 31, 2019.

NOTE 2 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 accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value (except for fully benefit-responsive investment contracts, which are reported at contract value). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan Administrative Committee determines the Plan's valuation policies utilizing information provided by the investment advisers, trustee, and insurance company. See Note 4 for discussion of fair value measurements.

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

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2019 or 2018. Delinquent notes receivable are recorded as distributions on the basis of the terms of the Plan document.

Benefit Payments

Benefits are recorded when paid.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administrative Expenses

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants and benefit payments are charged directly to the participant's account and are included in administrative expense. Investment related expenses are included in net appreciation (depreciation) of fair value of investments.

Subsequent Events

The Plan has evaluated subsequent events through November 18, 2020, the date the financial statements were available to be issued.

NOTE 3 CERTIFICATION OF INVESTMENT INFORMATION

Prudential Bank & Trust, F.S.B., the trustee, and Prudential Retirement Insurance and Annuity Company, the insurance company, have supplied the Plan administrator with a certification as to the completeness and accuracy of all investment information and notes receivable from participants reflected on the accompanying statements of net assets available for benefits as of December 31, 2019 and 2018, the statements of changes in net assets available for benefits for the year ended December 31, 2019, and the supplemental schedule of assets (held at end of year) as of December 31, 2019.

NOTE 4 FAIR VALUE OF INVESTMENTS

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

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- 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.

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

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

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

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

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

Pooled Separate Accounts: Valued at the NAV of units as determined by the insurance company. NAV is a readily determinable fair value and is the basis for current transactions.

The following tables set 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
Mutual Funds	$ 48,062,183	$ -	$ -	$ 48,062,183
Pooled Separate Accounts	-	17,684,682	-	17,684,682
Total Investments at Fair Value	$ 48,062,183	$ 17,684,682	$ -	$ 65,746,865

	2018			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 38,581,263	$ -	$ -	$ 38,581,263
Pooled Separate Accounts	-	14,561,951	-	14,561,951
Total Investments at Fair Value	$ 38,581,263	$ 14,561,951	$ -	$ 53,143,214

NOTE 5 GROUP ANNUITY CONTRACT WITH INSURANCE COMPANY

The Plan has a fully benefit-responsive guaranteed investment contract with Prudential Retirement Insurance and Annuity Company (Prudential). Prudential maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than 0%. Such interest rates are reviewed on a quarterly basis for resetting.

This contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value, as reported to the Plan by Prudential, represents contributions made under the contract, plus earnings, less participant withdrawals, and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

The Plan’s ability to receive amounts due is dependent on the issuer’s ability to meet its financial obligations. The issuer’s ability to meet its contractual obligations may be affected by future economic and regulatory developments.

Certain events might limit the ability of the Plan to transact at contract value with the issuer. Such events include (1) amendments to the Plan documents (including complete or partial Plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other Plan Sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA, or (5) premature termination of the contract. No events are probable of occurring that might limit the ability of the Plan to transact at contract value with the contract issuers and that also would limit the ability of the Plan to transact at contract value with the participants.

The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

In addition, certain events allow the issuer to terminate the contract with the Plan and settle at an amount different from contract value. Such events include (1) an uncured violation of the Plan’s investment guidelines, (2) a breach of material obligation under the contract, (3) a material misrepresentation, and (4) a material amendment to the agreement without the consent of the issuer.

NOTE 6 RISKS AND UNCERTAINTIES

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

NOTE 7 PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, the participants would become 100% vested in their Company contributions.

NOTE 8 PLAN TAX STATUS

The Plan is placing reliance on a determination letter dated April 29, 2014 received from the IRS on the Plan indicating that the Plan is qualified under Section 401 of the IRC and is therefore not subject to tax under current income tax law. The Plan has been amended since receiving the determination letter. The Plan administrator has submitted an application for a new determination letter to take into account all Plan amendments made since the previous letter was received and is currently awaiting a new letter from the IRS. However, the Plan administrator believes that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan is qualified, and the related trust is tax-exempt.

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 not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 9 NONEXEMPT TRANSACTION

During 2019, the Plan sponsor failed to remit certain employee contributions within the timeframe prescribed by the DOL. This was deemed to be a nonexempt transaction in accordance with ERISA and the Internal Revenue Code. The Plan sponsor corrected the prohibited transaction for 2019, during the year by remitting the contributions and lost earnings.

NOTE 10 PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares of pooled separate accounts and unallocated contracts with the general account managed by Prudential Retirement Insurance and Annuity Company. Prudential Retirement Insurance and Annuity Company is the insurance company as defined by the Plan and, therefore, the investment transactions qualify as party-in-interest transactions. Fees incurred by the Plan for the investment management services are included in net appreciation (depreciation) in fair value of investments.

NOTE 11 RESTATEMENT OF 2018 FINANCIAL STATEMENTS

It was determined that contributions receivable did not exist but were recorded as of December 31, 2018. These financial statements have been restated to correct the error. Management recorded an adjustment to contribution receivable and net assets available for benefits as of December 31, 2018 as follows:

	As Previously Stated December 31, 2018	Restatement	As Restated December 31, 2018
Participants' Contributions Receivable	$ 135,041	$ (135,041)	$ -
Company's Contributions Receivable	42,611	(42,611)	-
Net Assets Available for Benefits	60,798,399	(177,652)	60,620,747

HM CLAUSE, INC. 401(K) RETIREMENT PLAN
E.I.N. 94-1632821 PLAN NO. 001
SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2019

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost **	Current Value
		Pooled Separate Accounts		
*	Prudential***	Core Plus Bond / PGIM Fund		8,880,749
*	Prudential	SA / T. Rowe Price Growth Stock Strategy II		8,803,933
		Total Pooled Separate Accounts		17,684,682
		Mutual Funds		
	Fidelity	Fidelity 500 Index Fund		9,119,534
	Wilmington	Large Cap Value Fund R1		7,919,201
	AM Fund	AM Fund Europacific Growth		4,910,985
	Vanguard	Vanguard Intermediate-Term Treasury Fund		4,059,813
	Fidelity	Fidelity Inflation-Protected Bond Index Fund		2,903,132
	Janus	Janus Henderson Enterprise Fund N		2,825,354
	Janus	Janus Henderson Triton Fund N		2,731,594
	Vanguard	Vanguard Dev Mark		2,509,213
	DFA	DFA Global Real Estate Securities Portfolio		2,286,188
	Franklin	Franklin Small Cap		2,005,048
	DFA	DFA Commodity Strategy Portfolio Institutional		1,883,036
	Victory Capital	Victory Sycamore Established Value Fund I		1,586,782
	Vanguard	Vanguard Mid-Cap Index Fund Admiral		1,333,033
	Vanguard	Vanguard Small-Cap Index Fund Admiral		1,039,860
	Invesco	Invesco Oppenheimer Global Fund Y		385,074
	Invesco	Invesco Oppenheimer Developing Markets		318,957
	DFA	DFA Wild Ex US Govt		245,379
		Total Mutual Funds		48,062,183
		Contract with Insurance Company		
*	Prudential	Guaranteed Income Fund		6,585,097
*	Participants	Participant Loans		
		Rates from 5.25% to 7.50%	-	999,694
				$ 73,331,656

** Indicates party-in-interest*
*** Cost omitted for participant-directed accounts*
**** Prudential is short for Prudential Retirement Insurance & Annuity Company*

HM CLAUSE, INC. 401(K) RETIREMENT PLAN
E.I.N. 94-1632821 PLAN NO. 001
SCHEDULE H, LINE 4a – SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2019

Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
Check here if Late Participant Loan Repayments are Included ☐ Yes	$0	$29,188	$0	$0