



**Pacific Institute for Research
and Evaluation, Inc.
Profit Sharing Plan and Trust**

Financial Statements and
Supplemental Schedule
Years Ended December 31, 2017 and 2016

**Pacific Institute for Research
and Evaluation, Inc.
Profit Sharing Plan and Trust**

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Supplemental Schedule
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**Pacific Institute for Research and Evaluation, Inc.
Profit Sharing Plan and Trust**

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Independent Auditor's Report

Plan Administrator and Participants
Pacific Institute for Research and Evaluation, Inc.
Profit Sharing Plan and Trust
Calverton, Maryland

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of **Pacific Institute for Research and Evaluation, Inc. Profit Sharing Plan and Trust** (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2017 and 2016, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by TIAA and CREF, SYMETRA Life Insurance Company (SYMETRA), and Nationwide Life Insurance Company (Nationwide), custodians of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the custodians hold the Plan's investment assets and execute investment transactions. The plan administrator has obtained certifications from the custodians as of December 31, 2017 and 2016, and for the years then ended, that the information provided to the plan administrator by the custodians is complete and accurate.

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Disclaimer of Opinion

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

Other Matter

The supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2017, is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

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

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

BDO USA, LLP

August 28, 2018

Financial Statements

**Pacific Institute for Research and Evaluation, Inc.
Profit Sharing Plan and Trust**

Statements of Net Assets Available for Benefits

| <i>December 31,</i> | 2017 | 2016 |
|---|----------------------|----------------------|
| Assets | | |
| Investments, at fair value | | |
| Shares of registered investments: | | |
| College Retirement Equities Fund (CREF) | \$ 22,596,264 | \$ 19,705,655 |
| TIAA Access Funds | 3,585,087 | 2,907,042 |
| Non-fully benefit-responsive investment contracts: | | |
| TIAA Traditional Annuity Contracts | 8,452,416 | 7,833,898 |
| Pooled separate account: | | |
| TIAA Real Estate Account | 1,815,827 | 1,754,046 |
| Contracts with insurance companies: | | |
| SYMETRA Life Insurance Company Annuity Contracts | 368,811 | 332,959 |
| Nationwide Life Insurance Company Annuity Contracts | 77,884 | 65,769 |
| Total investments | 36,896,289 | 32,599,369 |
| Receivables | | |
| Employer's contribution | 219,748 | 43,109 |
| Net assets available for benefits | \$ 37,116,037 | \$ 32,642,478 |

See accompanying notes to financial statements.

**Pacific Institute for Research and Evaluation, Inc.
Profit Sharing Plan and Trust**

Statements of Changes in Net Assets Available for Benefits

| <i>Years ended December 31,</i> | 2017 | 2016 |
|---|----------------------|----------------------|
| Additions: | | |
| Investment return: | | |
| Interest | \$ 128,339 | \$ 115,403 |
| Net appreciation in fair value of: | | |
| Pooled separate account | 76,952 | 87,505 |
| Registered investments | 4,656,764 | 1,585,964 |
| Total investment return | 4,862,055 | 1,788,872 |
| Contributions: | | |
| Employer | 1,138,745 | 1,057,094 |
| Total contributions | 1,138,745 | 1,057,094 |
| Total additions | 6,000,800 | 2,845,966 |
| Deductions: | | |
| Benefits paid to participants and beneficiaries | (1,526,915) | (1,189,589) |
| Administrative expenses | (326) | (2,057) |
| Total deductions | (1,527,241) | (1,191,646) |
| Net increase in net assets available for benefits | 4,473,559 | 1,654,320 |
| Net assets available for benefits, beginning of year | 32,642,478 | 30,988,158 |
| Net assets available for benefits, end of year | \$ 37,116,037 | \$ 32,642,478 |

See accompanying notes to financial statements.

Pacific Institute for Research and Evaluation, Inc. Profit Sharing Plan and Trust

Notes to Financial Statements

1. Plan Description

The following description of the Pacific Institute for Research and Evaluation, Inc. Profit Sharing Plan and Trust (the Plan) provides only general information. Participants should refer to the Plan agreement and any amendments there to, for a more comprehensive description of the Plan's provisions.

Eligibility

The Plan is a defined contribution retirement plan as established by Pacific Institute for Research and Evaluation, Inc. (PIRE). Eligible employees become participants of the Plan on their respective date of hire. All PIRE employees who are classified as "benefit-eligible" are eligible to participate in the Plan. "Benefit-eligible" employees include (i) employees who are regularly scheduled to perform a level of service for PIRE which is equivalent to at least 60% of the normal full time work schedule and (ii) all other employees who complete at least 1,000 hours of service during a Plan year.

Contributions

The Plan allows for employer contributions under section 401(a) of the Internal Revenue Code. Employer contributions were 11.74% and 10% for 2017 and 2016, respectively, and were based upon each Plan participant's gross wages, as defined in the Plan document. If an employee is already a Plan participant, or is in an eligible category to become a Plan participant, the Plan allows for rollover of funds from another qualified retirement plan.

Participant Accounts

All employer contributions are participant directed. Each participant's account is credited with the participant's share of the employer's contribution and allocations of Plan earnings. Allocations are based upon participants' account balances as defined.

Vesting

Vesting of benefits attributable to employer contributions, made on behalf of participants, is in accordance with the following schedule:

| <u>Years of Service</u> | <u>Percent Vested</u> |
|-------------------------|-----------------------|
| End of one year | 0.0% |
| End of two years | 0.0% |
| End of three years | 100.0% |

Upon termination of employment, participants are entitled to a distribution of their vested balance.

Forfeitures

Forfeited non-vested accounts totaled \$0 as of December 31, 2017 and 2016. Balances in forfeited non-vested accounts are used to offset future contributions. Employer contributions were reduced by \$72,661 and \$32,999 from such forfeited non-vested accounts in 2017 and 2016, respectively.

Pacific Institute for Research and Evaluation, Inc.
Profit Sharing Plan and Trust

Notes to Financial Statements

Investment Options

Employer contributions are made to TIAA and CREF. Participants may direct contributions to be invested in several investment fund options offered by TIAA and CREF including registered investment funds, TIAA Traditional Annuity Contracts and a pooled separate account. Participants are able to change their investment options directly with TIAA and CREF.

Assets held in SYMETRA Life Insurance Company and Nationwide Life Insurance Company were transferred from the Pacific Institute for Research and Evaluation, Inc. Money Purchase Pension Plan and Trust during 2002, and are closed to new investments or contributions. These assets are considered participant directed, as Plan participants may withdraw amounts from these funds to invest in other funds.

Loans to Participants

Participants may borrow directly from TIAA a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance in TIAA and CREF. The loans are secured by the balance in the participant's account in the TIAA Traditional Annuity Contracts.

These loans are not shown on the accompanying statements of net assets available for benefits as the loans are not made from Plan assets and are therefore not considered Plan assets.

Principal and interest is paid ratably by the participant directly to TIAA and CREF, and not through payroll deductions.

Payment of Benefits

The Plan provides for benefit payments under the following circumstances:

- (a) Normal retirement at age 59 1/2.
- (b) Disability retirement.
- (c) Death benefit.
- (d) Other termination of employment.

Benefits are provided through the accumulation of each participant's share of employer contributions and allocation of Plan income or losses. Upon termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

Administrative Expenses

Various administrative, accounting, and legal costs of the Plan are paid by PIRE and are not allocated to the Plan except for certain general administrative and maintenance fees.

Pacific Institute for Research and Evaluation, Inc.
Profit Sharing Plan and Trust

Notes to Financial Statements

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make certain estimates and assumptions that affect reported amounts of assets, liabilities, and changes therein, and disclosures of contingent assets and liabilities. Actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest is recorded when earned. Net appreciation includes the Plan's gains and losses on investments bought and sold, as well as, held during the year.

Payment of Benefits

Benefits are recorded when paid.

Recent Accounting Pronouncements Not Yet Adopted

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* (ASU 2016-01). ASU 2016-01 sets forth several requirements, including requirements for entities to measure equity investments at fair value through net income (subject to certain exceptions), separately present financial assets and financial liabilities by measurement category and form of financial asset, and calculate the fair value of financial instruments for disclosure purposes based on an exit price. ASU 2016-01 provides an election to subsequently measure certain nonmarketable equity investments at cost less any impairment and adjusted for certain observable price changes. It also requires a qualitative impairment assessment of such equity investments and amends certain fair value disclosure requirements. This ASU is effective for employee benefit plans within the scope of ASC 960, 962 and 965 on plan accounting for fiscal years beginning after December 15, 2018. The Plan's management will evaluate the effect that the adoption of this guidance will have on the Plan's financial statements.

**Pacific Institute for Research and Evaluation, Inc.
Profit Sharing Plan and Trust**

Notes to Financial Statements

3. Investment Information Certified by the Plan's Custodians

The plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA). Accordingly, the custodians have certified that the following data included in the accompanying financial statements and supplemental schedule is complete and accurate.

| <i>December 31,</i> | 2017 | 2016 |
|---|----------------------|----------------------|
| College Retirement Equities Fund (CREF) | \$ 22,596,264 | \$ 19,705,655 |
| TIAA Access Funds | 3,585,087 | 2,907,042 |
| TIAA Traditional Annuity Contracts | 8,452,416 | 7,833,898 |
| TIAA Real Estate Account | 1,815,827 | 1,754,046 |
| SYMETRA Life Insurance Company Annuity Contracts | 368,811 | 332,959 |
| Nationwide Life Insurance Company Annuity Contracts | 77,884 | 65,769 |
| Total | \$ 36,896,289 | \$ 32,599,369 |

TIAA and CREF's certification of Plan assets excludes loans to participants made directly between TIAA and CREF and the participants from assets outside of the Plan. As a result, no amounts are reflected in these financial statements related to loans to participant balances or transactions.

| <i>Years ended December 31,</i> | 2017 | 2016 |
|---|---------------------|---------------------|
| Investment return: | | |
| Net appreciation in fair value of registered investments | \$ 4,656,764 | \$ 1,585,964 |
| Net appreciation in fair value of pooled separate account | 76,952 | 87,505 |
| Interest income | 128,339 | 115,403 |
| Total investment return | \$ 4,862,055 | \$ 1,788,872 |

The Plan's independent accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

**Pacific Institute for Research and Evaluation, Inc.
Profit Sharing Plan and Trust**

Notes to Financial Statements

4. Concentrations of Significant Investments

For the years ended December 31, 2017 and 2016, the Plan's significant investments are as follows:

| <i>December 31, 2017</i> | | Percent of total investments |
|---|---------------|---------------------------------|
| College Retirement Equities Fund (CREF) | \$ 22,596,264 | 61% |
| TIAA Traditional Annuity Contracts | \$ 8,452,416 | 23% |

| <i>December 31, 2016</i> | | Percent of total investments |
|---|---------------|---------------------------------|
| College Retirement Equities Fund (CREF) | \$ 19,705,655 | 60% |
| TIAA Traditional Annuity Contracts | \$ 7,833,898 | 24% |

5. Fair Value Measurements

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

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

Level 2: Inputs to the valuation methodology include:

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

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

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

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

Pacific Institute for Research and Evaluation, Inc.
Profit Sharing Plan and Trust

Notes to Financial Statements

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Registered Investments

These investment accounts invest primarily in equity securities, fixed-income instruments and short-term investments in accordance with each portfolio's investment objectives. Account investments and fund holdings are primarily valued using market quotations or prices obtained from independent pricing sources that may employ various pricing methods to value the investments including matrix pricing. Money market account holdings are generally valued at amortized cost. On a daily basis, units in these investments are revalued to reflect performance of the underlying investments minus any fees and charges.

Beginning July 16, 2009, part of all of the distribution and/or administrative expenses for the CREF Money Market Fund have been waived by TIAA. Without this waiver, the 7-day current and effective annualized yields and total returns for the CREF Money Market Fund would have been lower. These waivers may be discontinued at any time without notice. Amounts waived on or after October 1, 2010, are subject to possible recovery by TIAA under certain conditions.

TIAA Access Funds is a variable annuity product that is funded through TIAA Separate Account VA-3 (VA-3), a separate investment account of TIAA registered under the Investment Company Act of 1940. VA-3 invests in proprietary and non-proprietary mutual funds through various sub-accounts. Sub-account unit values are calculated daily. The underlying investments are generally valued using market quotations obtained from independent pricing services.

TIAA Traditional Annuity Contracts

The TIAA Traditional Annuity is a guaranteed fixed annuity contract available as an investment option to Plan participants. Each contract is fully and unconditionally guaranteed by TIAA and CREF. The Traditional Annuity is offered through a variety of contract types, including Retirement Annuities (RA), Group Retirement Annuities (GRA), and Retirement Choice (RC) contracts which are non-fully benefit-responsive, as well as fully benefit-responsive Supplemental Retirement Annuities (SRA), Group Supplemental Retirement Annuities (GSRA), and Retirement Choice Plus (RCP) contracts. The type of contract through which a participant invests in the TIAA Traditional Annuity determines the applicability of certain account features, such as guaranteed minimum interest rate, additional amount paid, the degree of liquidity of the participant's account, and the options for receiving income upon retirement. The Plan has investments in TIAA Traditional Annuity that are non-fully benefit-responsive.

Participants who have elected the traditional annuity contract have entered into non-fully benefit-responsive contracts with TIAA. TIAA maintains contributions in general accounts and accounts are credited with earnings on the underlying investments and charged with participant withdrawals and administrative expenses. TIAA is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

The non-fully benefit-responsive contracts are reported at fair value. The contracts guarantee a 3 percent crediting interest rate. The average crediting rates were 3.88% and 4.25% for 2017 and 2016, respectively. These contracts are subject to various restrictions, including surrender charges, timing restrictions, and withdrawals being required to be made in annual installments.

Pacific Institute for Research and Evaluation, Inc.
Profit Sharing Plan and Trust

Notes to Financial Statements

Pooled Separate Account

Investment in the pooled separate account is stated at fair value as determined in accordance with the policies and procedures reviewed by the Investment Committee of TIAA. The value of the units held in the pooled separate account is based on the market value of the underlying real estate holdings which are valued principally utilizing external appraisals and involve significant judgment.

Appraisals can be subjective in certain respects and rely on a variety of assumptions and conditions at the respective property or in the market in which the property is located, which may change materially after the appraisal is conducted.

The pooled separate account provides participants with a liquidity guarantee enabling the account to have funds available to meet participant redemption, transfers, or cash withdrawals. TIAA guarantees that participants can redeem their accumulation unit value determined after their transfer or cash withdrawal request is received in good order.

Contracts with Insurance Companies

The Plan holds group annuity contracts issued by SYMETRA and Nationwide. The contracts allow the Plan to invest in pooled separate accounts, each containing several sub-accounts. The sub-accounts consist primarily of a money market portfolio, bond portfolio, balanced portfolio, international portfolio, equity portfolio or growth portfolio.

The net asset value (NAV) of the sub-accounts is determined in accordance with procedures approved by the Board of Directors and committee, less daily mortality and expense risk and administration charges, as applicable. Under the terms of the contract with SYMETRA, the mortality and expense risk charge is equal on an annual basis to 1.25% of the daily net asset value of the sub-account. The net asset value (NAV) of the sub-accounts is determined by SYMETRA and Nationwide and is not publicly quoted.

Sub-accounts are charged with direct charges arising from the purchase, maintenance or sale of investments held by the sub-account, any taxes which may be payable by SYMETRA and Nationwide which are attributable to the assets in the sub-account and with any expenses which are reasonably necessary or required to preserve or enhance the value of assets of the sub-account.

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

**Pacific Institute for Research and Evaluation, Inc.
Profit Sharing Plan and Trust**

Notes to Financial Statements

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value and net asset value (NAV), as of December 31, 2017 and 2016:

| <i>December 31, 2017</i> | Level 1 | Level 2 | Level 3* | Total |
|--|-------------|----------------------|----------------------|----------------------|
| Registered Investments: | | | | |
| U.S./International Equity | \$ - | \$ 24,766,485 | \$ - | \$ 24,766,485 |
| Money Market Fund | - | 1,414,866 | - | 1,414,866 |
| Non-Fully Benefit-Responsive Investment Contracts: | | | | |
| TIAA Traditional Annuity Contracts | - | - | 8,452,416 | 8,452,416 |
| Pooled Separate Account: | | | | |
| TIAA Real Estate Account | - | - | 1,815,827 | 1,815,827 |
| Total investments at fair value level | \$ - | \$ 26,181,351 | \$ 10,268,243 | 36,449,594 |
| Investments measured at net asset value (NAV) **: Contracts with Insurance Companies: | | | | |
| SYMETRA Annuity Contracts | | | | 368,811 |
| Nationwide Annuity Contracts | | | | 77,884 |
| Total investments, at fair value | | | | \$ 36,896,289 |
| <i>December 31, 2016</i> | Level 1 | Level 2 | Level 3* | Total |
| Registered Investments: | | | | |
| U.S./International Equity | \$ - | \$ 21,447,207 | \$ - | \$ 21,447,207 |
| Money Market Fund | - | 1,165,490 | - | 1,165,490 |
| Non-Fully Benefit-Responsive Investment Contracts: | | | | |
| TIAA Traditional Annuity Contracts | - | - | 7,833,898 | 7,833,898 |
| Pooled Separate Account: | | | | |
| TIAA Real Estate Account | - | - | 1,754,046 | 1,754,046 |
| Total investments at fair value level | \$ - | \$ 22,612,697 | \$ 9,587,944 | 32,200,641 |
| Investments measured at net asset value (NAV) **: Contracts with Insurance Companies: | | | | |
| SYMETRA Annuity Contracts | | | | 332,959 |
| Nationwide Annuity Contracts | | | | 65,769 |
| Total investments, at fair value | | | | \$ 32,599,369 |

**Pacific Institute for Research and Evaluation, Inc.
Profit Sharing Plan and Trust**

Notes to Financial Statements

* Level 3 investments were 28% and 29% of total investments at fair value at December 31, 2017 and 2016, respectively.

** Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

The following table summarizes investments measured at fair value based on NAV per share as of December 31, 2017 and 2016, respectively.

| <i>Description</i> | 2017 Fair Value | 2016 Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|--------------------------|--------------------|--------------------|-------------------------|-------------------------|--------------------------------|
| Contracts with Insurance | | | | | |
| Companies: | | | | | |
| SYMETRA Annuity | | | | | |
| Contracts (a) | \$ 368,811 | \$ 332,959 | \$ - | Daily | None |
| Nationwide Annuity | | | | | |
| Contracts (a) | 77,884 | 65,769 | - | Daily | None |
| | \$ 446,695 | \$ 398,728 | \$ - | | |

(a) These are group annuity contracts that allow participants to invest in several sub-accounts consisting primarily of a money market portfolio, bond portfolio, balanced portfolio, international portfolio, equity portfolio or growth portfolio.

**Pacific Institute for Research and Evaluation, Inc.
Profit Sharing Plan and Trust**

Notes to Financial Statements

The following table presents the Plan's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in ASC 820 for the years ended December 31, 2017 and 2016:

| | TIAA Traditional Annuity Contracts | Pooled Separate Account |
|----------------------------|--|-------------------------------|
| Balance, December 31, 2015 | \$ 7,349,723 | \$ 1,695,801 |
| Interest income | 96,106 | - |
| Realized gains | 75,433 | 43,951 |
| Unrealized gains | 149,573 | 43,554 |
| Purchases | 159,862 | 75,349 |
| Sales | (142,013) | (114,702) |
| Issuances and settlements | (31,918) | - |
| Net transfers into Level 3 | 177,132 | 10,093 |
| Balance, December 31, 2016 | 7,833,898 | 1,754,046 |
| Interest income | 75,204 | - |
| Realized gains | 32,887 | 41,512 |
| Unrealized gains | 207,081 | 35,440 |
| Purchases | 157,255 | 56,717 |
| Sales | (75,144) | (90,024) |
| Issuances and settlements | (73,193) | - |
| Net transfers into Level 3 | 294,428 | 18,136 |
| Balance, December 31, 2017 | \$ 8,452,416 | \$ 1,815,827 |

Net transfers into/(out) of Level 3 reflect fund-to-fund transfers between investments by participants and are included in benefits paid to participants and beneficiaries in the accompanying statements of changes in net assets available for benefits for the years ended December 31, 2017 and 2016.

Quantitative information as of December 31, 2017 and 2016, with respect to assets measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) follows:

**Pacific Institute for Research and Evaluation, Inc.
Profit Sharing Plan and Trust**

Notes to Financial Statements

| Instrument | December 31, 2017 Fair Value | Principal Valuation Techniques | Unobservable Inputs | Weighted Average |
|--|------------------------------------|--------------------------------------|--|---------------------|
| TIAA Traditional Annuity Contracts | \$ 8,452,416 | Discounted Cash Flow | Guaranteed Rate | N/A |
| Pooled Separate Account (TIAA Real Estate Account) | \$ 1,815,827 | Market Approach | Discount Rate Terminal Capitalization Rate Overall Capitalization Rate Real Estate Appraisals | N/A |

| Instrument | December 31, 2016 Fair Value | Principal Valuation Techniques | Unobservable Inputs | Weighted Average |
|--|------------------------------------|--------------------------------------|--|---------------------|
| TIAA Traditional Annuity Contracts | \$ 7,833,898 | Discounted Cash Flow | Guaranteed Rate | N/A |
| Pooled Separate Account (TIAA Real Estate Account) | \$ 1,754,046 | Market Approach | Discount Rate Terminal Capitalization Rate Overall Capitalization Rate Real Estate Appraisals | N/A |

Level 3 Valuation Process

The plan administrator performs on-going due diligence of the funds which includes reviewing and comparing to the TIAA and CREF Annual Report. There were no changes in valuation techniques noted for these funds for 2017 and 2016.

Level 3 Sensitivity of Fair Value Measurements and Changes in Significant Unobservable Inputs

The significant unobservable inputs used in the fair value measurement of the Plan's Level 3 investments are subject to market risks resulting from changes in the market value of its investments.

6. Party-in-Interest Transactions

PIRE is the administrator of the Plan, and as such, executes the normal duties associated therewith. Costs incurred for audit, legal, and other administrative functions are paid by PIRE on behalf of the Plan.

Pacific Institute for Research and Evaluation, Inc.
Profit Sharing Plan and Trust

Notes to Financial Statements

Certain Plan investments are shares of registered investments and a pooled separate account managed by TIAA and CREF. Investments also include annuity contracts with TIAA and CREF, SYMETRA Life Insurance Company, and Nationwide Life Insurance Company. TIAA and CREF, SYMETRA, and Nationwide are the custodians as defined by the Plan and therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan for management services amounted to \$326 and \$2,057 for the years ended December 31, 2017 and 2016, respectively.

7. Plan Termination

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

8. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate risks, market risks, and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the accompanying statements of net assets available for benefits.

Further, because the values of the Plan's individual investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

9. Tax Status

The Plan has received a determination letter dated August 13, 2003, from the Internal Revenue Service stating that the Plan has been designed in accordance with the applicable sections of the Internal Revenue Code (IRC). The Plan has since been amended, however, the plan administrator and the Plan's tax counsel believe that the Plan is designed and currently being operated in compliance with the applicable requirements of the IRC.

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 Internal Revenue Service. The plan administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2017 and 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Pacific Institute for Research and Evaluation, Inc.
Profit Sharing Plan and Trust

Notes to Financial Statements

10. Subsequent Events

Management evaluated subsequent events through August 28, 2018, which is the date the financial statements were available to be issued. There were no subsequent events noted that required adjustment to or disclosure in these financial statements.

Supplemental Schedule

Pacific Institute for Research and Evaluation, Inc.
Profit Sharing Plan and Trust

Schedule H, Line 4i - Schedule of Assets (Held at End of Year) December 31, 2017

EIN: 94-2243283

Form: 5500

Plan: 004

| (a) | (b) | (c) | (d) | (e) |
|-----|---|---|------|---------------|
| | Identity of Issue, Borrower, Lessor, or Similar Party | Description of Investment Including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value | Cost | Current Value |
| * | <i>Registered Investments:</i> | | | |
| | CREF | Stock Fund | ** | \$ 7,231,193 |
| | | Growth Fund | ** | 4,064,064 |
| | | Global Equities Fund | ** | 3,160,009 |
| | | Social Choice Fund | ** | 2,364,568 |
| | | Equity Index Fund | ** | 2,159,366 |
| | | Money Market Fund | ** | 1,414,866 |
| | | Bond Market Fund | ** | 1,574,432 |
| | | Inflation-Linked Bond Fund | ** | 627,766 |
| * | TIAA Access Funds | Bond Plus T4 | ** | 66,589 |
| | | Equity Index T4 | ** | 56,078 |
| | | Growth & Income T4 | ** | 72,790 |
| | | International Equity T4 | ** | 360,332 |
| | | Large Cap Value T4 | ** | 464,263 |
| | | Large Cap Growth T4 | ** | 33,384 |
| | | Lifecycle 2010 T4 | ** | 52,727 |
| | | Lifecycle 2020 T4 | ** | 90,687 |
| | | Lifecycle 2025 T4 | ** | 154,364 |
| | | Lifecycle 2030 T4 | ** | 537,351 |
| | | Lifecycle 2035 T4 | ** | 474,993 |
| | | Lifecycle 2040 T4 | ** | 168,524 |
| | | Lifecycle 2045 T4 | ** | 53,139 |
| | | Lifecycle 2050 T4 | ** | 80,190 |
| | | Lifecycle 2055 T4 | ** | 12,063 |
| | | Lifecycle Retirement Income T4 | ** | 43,850 |
| | | Mid Cap Value T4 | ** | 259,868 |
| | | Social Choice Equity T4 | ** | 1,676 |
| | | Small-Cap Blackrock Index T4 | ** | 212,630 |
| | | Real Estate Securities T4 | ** | 210,068 |
| | | Small-Cap Equity T4 | ** | 115,467 |
| | | Mid Cap Growth T4 | ** | 64,054 |
| * | <i>Traditional Annuity Contracts - TIAA</i> | Guaranteed Annuity Contract | ** | 8,452,416 |
| * | <i>Real Estate Account - TIAA</i> | Pooled Separate Account 4,559 Units | ** | 1,815,827 |

Pacific Institute for Research and Evaluation, Inc.
Profit Sharing Plan and Trust

Schedule H, Line 4i - Schedule of Assets (Held at End of Year) December 31, 2017

EIN: 94-2243283
Form: 5500
Plan: 004

| (a) | (b) | (c) | (d) | (e) |
|--------------------------|---|---|------|----------------------|
| | Identity of Issue, Borrower, Lessor, or Similar Party | Description of Investment Including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value | Cost | Current Value |
| | <i>Contracts with Insurance Companies:</i> | | | |
| * | SYMETRA Life Insurance Company | Annuity Contracts | ** | 368,811 |
| * | Nationwide Life Insurance Company | Annuity Contracts | ** | 77,884 |
| Total investments | | | | \$ 36,896,289 |

* Represents a party-in-interest as defined by ERISA.

** The cost of participant-directed investments is not required to be disclosed.