

<b>Form 5500</b>  Department of the Treasury Internal Revenue Service  Department of Labor Employee Benefits Security Administration  Pension Benefit Guaranty Corporation	<b>Annual Return/Report of Employee Benefit Plan</b>  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 6047(e), and 6058(a) of the Internal Revenue Code (the Code).  <p style="text-align: center;">▶ <b>Complete all entries in accordance with the instructions to the Form 5500.</b></p>	OMB Nos. 1210-0110 1210-0089  <b>2010</b>  <b>This Form is Open to Public Inspection</b>
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<b>Part I</b>	<b>Annual Report Identification Information</b>
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>	
<b>A</b> This return/report is for:	<input type="checkbox"/> a multiemployer plan; <input type="checkbox"/> a multiple-employer plan; or <input checked="" type="checkbox"/> a single-employer plan; <input type="checkbox"/> a DFE (specify) ____
<b>B</b> This return/report is:	<input type="checkbox"/> the first return/report; <input type="checkbox"/> the final return/report; <input checked="" type="checkbox"/> an amended return/report; <input type="checkbox"/> a short plan year return/report (less than 12 months).
<b>C</b> If the plan is a collectively-bargained plan, check here. . . . .	<input type="checkbox"/>
<b>D</b> Check box if filing under:	<input checked="" type="checkbox"/> Form 5558; <input type="checkbox"/> automatic extension; <input type="checkbox"/> the DFVC program; <input type="checkbox"/> special extension (enter description)

<b>Part II</b>	<b>Basic Plan Information</b> —enter all requested information
<b>1a</b> Name of plan <u>ASSOCIATED RECREATION COUNCIL 401K PROFIT SHARING PLAN &amp; TRUST</u>	<b>1b</b> Three-digit plan number (PN) ▶ <u>001</u> <b>1c</b> Effective date of plan <u>01/01/2006</u>
<b>2a</b> Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>ASSOCIATED RECREATION COUNCIL</u>  <u>100 DEXTER AVE N</u> <u>SEATTLE, WA 98109</u>	<b>2b</b> Employer Identification Number (EIN) <u>51-0170717</u> <b>2c</b> Sponsor's telephone number <u>206-615-1909</u> <b>2d</b> Business code (see instructions) <u>711210</u>
<u>8061 DENSMORE AVE N</u> <u>SEATTLE, WA 98103</u>	

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

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

<b>SIGN HERE</b>	Filed with authorized/valid electronic signature.	08/02/2011	SHARON MAUZE
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
<b>SIGN HERE</b>	Filed with authorized/valid electronic signature.	08/03/2011	WILLIAM KELLER
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
<b>SIGN HERE</b>			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)  
v.092307.1

**3a** Plan administrator's name and address (if same as plan sponsor, enter "Same")

ASSOCIATED RECREATION COUNCIL

100 DEXTER AVE N  
SEATTLE, WA 98109**3b** Administrator's EIN

51-0170717

**3c** Administrator's telephone number

206-615-1909

**4** If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:**a** Sponsor's name**4b** EIN**4c** PN**5** Total number of participants at the beginning of the plan year**5**

451

**6** Number of participants as of the end of the plan year (welfare plans complete only lines **6a**, **6b**, **6c**, and **6d**).**a** Active participants.....**6a**

170

**b** Retired or separated participants receiving benefits.....**6b**

0

**c** Other retired or separated participants entitled to future benefits.....**6c**

1

**d** Subtotal. Add lines **6a**, **6b**, and **6c**.....**6d**

171

**e** Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....**6e**

0

**f** Total. Add lines **6d** and **6e**.....**6f**

171

**g** Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....**6g**

108

**h** Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....**6h**

137

**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 Characteristic Codes in the instructions:

2T 2G 3D 2E 2J 2K

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:**9a** Plan funding arrangement (check all that apply)(1) ☐

Insurance

(2) ☐

Code section 412(e)(3) insurance contracts

(3) ☒

Trust

(4) ☐

General assets of the sponsor

**9b** Plan benefit arrangement (check all that apply)(1) ☐

Insurance

(2) ☐

Code section 412(e)(3) insurance contracts

(3) ☒

Trust

(4) ☐

General assets of the sponsor

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)**a Pension Schedules**(1) ☒**R** (Retirement Plan Information)(2) ☐**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary(3) ☐**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary**b General Schedules**(1) ☒**H** (Financial Information)(2) ☐**I** (Financial Information - Small Plan)(3) ☐**A** (Insurance Information)(4) ☐**C** (Service Provider Information)(5) ☐**D** (DFE/Participating Plan Information)(6) ☐**G** (Financial Transaction Schedules)

<b>SCHEDULE H</b> <b>(Form 5500)</b>  <small>Department of the Treasury Internal Revenue Service</small>  <small>Department of Labor Employee Benefits Security Administration</small>  <small>Pension Benefit Guaranty Corporation</small>	<b>Financial Information</b>  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).  <b>► File as an attachment to Form 5500.</b>	OMB No. 1210-0110  <div style="border: 1px solid black; padding: 5px; font-size: 1.2em; font-weight: bold;">2010</div>  <b>This Form is Open to Public Inspection</b>
For calendar plan year 2010 or fiscal plan year beginning <span style="color: blue;">01/01/2010</span> and ending <span style="color: blue;">12/31/2010</span>		
<b>A</b> Name of plan <span style="color: blue;">ASSOCIATED RECREATION COUNCIL 401K PROFIT SHARING PLAN &amp; TRUST</span>		<b>B</b> Three-digit plan number (PN) <span style="float: right;">►</span> <span style="color: blue; font-weight: bold;">001</span>
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 <span style="color: blue;">ASSOCIATED RECREATION COUNCIL</span>		<b>D</b> Employer Identification Number (EIN)  <span style="color: blue;">51-0170717</span>

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
<b>1</b> 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. <b>Round off amounts to the nearest dollar.</b> 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.				
	<b>Assets</b>			
<b>a</b>	Total noninterest-bearing cash .....	<b>1a</b>		
<b>b</b>	Receivables (less allowance for doubtful accounts):			
	<b>(1)</b> Employer contributions .....	<b>1b(1)</b>		
	<b>(2)</b> Participant contributions .....	<b>1b(2)</b>		
	<b>(3)</b> Other.....	<b>1b(3)</b>		
<b>c</b>	General investments:			
	<b>(1)</b> Interest-bearing cash (include money market accounts & certificates of deposit) .....	<b>1c(1)</b>	98088	131994
	<b>(2)</b> U.S. Government securities.....	<b>1c(2)</b>		
	<b>(3)</b> Corporate debt instruments (other than employer securities):			
	<b>(A)</b> Preferred .....	<b>1c(3)(A)</b>		
	<b>(B)</b> All other.....	<b>1c(3)(B)</b>		
	<b>(4)</b> Corporate stocks (other than employer securities):			
	<b>(A)</b> Preferred .....	<b>1c(4)(A)</b>		
	<b>(B)</b> Common .....	<b>1c(4)(B)</b>		
	<b>(5)</b> Partnership/joint venture interests .....	<b>1c(5)</b>		
	<b>(6)</b> Real estate (other than employer real property) .....	<b>1c(6)</b>		
	<b>(7)</b> Loans (other than to participants) .....	<b>1c(7)</b>		
	<b>(8)</b> Participant loans .....	<b>1c(8)</b>		1955
	<b>(9)</b> Value of interest in common/collective trusts.....	<b>1c(9)</b>		
	<b>(10)</b> Value of interest in pooled separate accounts.....	<b>1c(10)</b>		
	<b>(11)</b> Value of interest in master trust investment accounts .....	<b>1c(11)</b>		
	<b>(12)</b> Value of interest in 103-12 investment entities .....	<b>1c(12)</b>		
	<b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds).....	<b>1c(13)</b>	315194	464716
	<b>(14)</b> Value of funds held in insurance company general account (unallocated contracts).....	<b>1c(14)</b>		
	<b>(15)</b> Other .....	<b>1c(15)</b>		

**1d** Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities .....	<b>1d(1)</b>		
(2) Employer real property .....	<b>1d(2)</b>		
<b>e</b> Buildings and other property used in plan operation .....	<b>1e</b>		
<b>f</b> Total assets (add all amounts in lines 1a through 1e) .....	<b>1f</b>	413282	598665

**Liabilities**

<b>g</b> Benefit claims payable .....	<b>1g</b>		
<b>h</b> Operating payables .....	<b>1h</b>		
<b>i</b> Acquisition indebtedness .....	<b>1i</b>		
<b>j</b> Other liabilities .....	<b>1j</b>		
<b>k</b> Total liabilities (add all amounts in lines 1g through 1j) .....	<b>1k</b>		

**Net Assets**

<b>l</b> Net assets (subtract line 1k from line 1f) .....	<b>1l</b>	413282	598665
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**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 Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: <b>(A)</b> Employers .....	<b>2a(1)(A)</b>	28149	
<b>(B)</b> Participants .....	<b>2a(1)(B)</b>	109387	
<b>(C)</b> Others (including rollovers) .....	<b>2a(1)(C)</b>	5460	
(2) Noncash contributions .....	<b>2a(2)</b>		
(3) Total contributions. Add lines <b>2a(1)(A)</b> , <b>(B)</b> , <b>(C)</b> , and line <b>2a(2)</b> .....	<b>2a(3)</b>		142996

**b Earnings on investments:****(1) Interest:**

<b>(A)</b> Interest-bearing cash (including money market accounts and certificates of deposit) .....	<b>2b(1)(A)</b>		
<b>(B)</b> U.S. Government securities .....	<b>2b(1)(B)</b>		
<b>(C)</b> Corporate debt instruments .....	<b>2b(1)(C)</b>		
<b>(D)</b> Loans (other than to participants) .....	<b>2b(1)(D)</b>		
<b>(E)</b> Participant loans .....	<b>2b(1)(E)</b>		
<b>(F)</b> Other .....	<b>2b(1)(F)</b>		
<b>(G)</b> Total interest. Add lines <b>2b(1)(A)</b> through <b>(F)</b> .....	<b>2b(1)(G)</b>		

(2) Dividends: <b>(A)</b> Preferred stock .....	<b>2b(2)(A)</b>		
<b>(B)</b> Common stock .....	<b>2b(2)(B)</b>		
<b>(C)</b> Registered investment company shares (e.g. mutual funds) .....	<b>2b(2)(C)</b>	11790	
<b>(D)</b> Total dividends. Add lines <b>2b(2)(A)</b> , <b>(B)</b> , and <b>(C)</b> .....	<b>2b(2)(D)</b>		11790

(3) Rents .....	<b>2b(3)</b>		
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(4) Net gain (loss) on sale of assets: <b>(A)</b> Aggregate proceeds .....	<b>2b(4)(A)</b>		
<b>(B)</b> Aggregate carrying amount (see instructions) .....	<b>2b(4)(B)</b>		
<b>(C)</b> Subtract line <b>2b(4)(B)</b> from line <b>2b(4)(A)</b> and enter result .....	<b>2b(4)(C)</b>		

		(a) Amount	(b) Total
<b>2b</b> (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	<b>2b(5)(A)</b>		
(B) Other .....	<b>2b(5)(B)</b>		
(C) Total unrealized appreciation of assets. Add lines <b>2b(5)(A)</b> and <b>(B)</b> .....	<b>2b(5)(C)</b>		
(6) Net investment gain (loss) from common/collective trusts .....	<b>2b(6)</b>		
(7) Net investment gain (loss) from pooled separate accounts .....	<b>2b(7)</b>		
(8) Net investment gain (loss) from master trust investment accounts .....	<b>2b(8)</b>		
(9) Net investment gain (loss) from 103-12 investment entities .....	<b>2b(9)</b>		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	<b>2b(10)</b>		38871
<b>c</b> Other income.....	<b>2c</b>		
<b>d</b> Total income. Add all <b>income</b> amounts in column (b) and enter total.....	<b>2d</b>		193657

**Expenses**

<b>e</b> Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers .....	<b>2e(1)</b>	7959	
(2) To insurance carriers for the provision of benefits .....	<b>2e(2)</b>		
(3) Other .....	<b>2e(3)</b>		
(4) Total benefit payments. Add lines <b>2e(1)</b> through <b>(3)</b> .....	<b>2e(4)</b>		7959
<b>f</b> Corrective distributions (see instructions) .....	<b>2f</b>		
<b>g</b> Certain deemed distributions of participant loans (see instructions).....	<b>2g</b>		
<b>h</b> Interest expense.....	<b>2h</b>		
<b>i</b> Administrative expenses: (1) Professional fees .....	<b>2i(1)</b>		
(2) Contract administrator fees .....	<b>2i(2)</b>		
(3) Investment advisory and management fees .....	<b>2i(3)</b>		
(4) Other .....	<b>2i(4)</b>	315	
(5) Total administrative expenses. Add lines <b>2i(1)</b> through <b>(4)</b> .....	<b>2i(5)</b>		315
<b>j</b> Total expenses. Add all <b>expense</b> amounts in column (b) and enter total.....	<b>2j</b>		8274

**Net Income and Reconciliation**

<b>k</b> Net income (loss). Subtract line <b>2j</b> from line <b>2d</b> .....	<b>2k</b>		185383
<b>l</b> Transfers of assets:			
(1) To this plan.....	<b>2l(1)</b>		
(2) From this plan .....	<b>2l(2)</b>		

**Part III Accountant's Opinion**

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

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

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

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

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

(1) Name: PETERSON SULLIVAN LLP (2) EIN: 91-0605875

**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 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
<b>4a</b> 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.).....		X	
<b>4b</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.).....		X	
<b>4c</b> 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.) .....		X	
<b>4d</b> 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.).....		X	
<b>4e</b> Was this plan covered by a fidelity bond?.....	X		1000000
<b>4f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....		X	
<b>4g</b> 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? .....		X	
<b>4h</b> 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? .....		X	
<b>4i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
<b>4j</b> 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.).....		X	
<b>4k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
<b>4l</b> Has the plan failed to provide any benefit when due under the plan? .....		X	
<b>4m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
<b>4n</b> 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. ....		X	

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

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

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

<b>SCHEDULE R</b> <b>(Form 5500)</b>  Department of the Treasury Internal Revenue Service  Department of Labor Employee Benefits Security Administration  Pension Benefit Guaranty Corporation	<b>Retirement Plan Information</b>  This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).  ▶ <b>File as an attachment to Form 5500.</b>	OMB No. 1210-0110  <b>2010</b>  <b>This Form is Open to Public Inspection.</b>
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

<b>A</b> Name of plan <u>ASSOCIATED RECREATION COUNCIL 401K PROFIT SHARING PLAN &amp; TRUST</u>	<b>B</b> Three-digit plan number (PN) ▶ <u>001</u>
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 <u>ASSOCIATED RECREATION COUNCIL</u>	<b>D</b> Employer Identification Number (EIN) <u>51-0170717</u>

<b>Part I</b>	<b>Distributions</b>
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All references to distributions relate only to payments of benefits during the plan year.

<b>1</b> Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	<b>1</b>
<b>2</b> Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):  EIN(s): <u>16-1470238</u>  <b>Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.</b>	
<b>3</b> Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	<b>3</b>

<b>Part II</b>	<b>Funding Information</b> (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)
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<b>4</b> Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? .....	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> N/A
<b>If the plan is a defined benefit plan, go to line 8.</b>			
<b>5</b> 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. <b>Date:</b> Month _____ Day _____ Year _____ <b>If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.</b>			
<b>6 a</b> Enter the minimum required contribution for this plan year .....	<b>6a</b>		
<b>b</b> Enter the amount contributed by the employer to the plan for this plan year .....	<b>6b</b>		
<b>c</b> 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).....	<b>6c</b>		
<b>If you completed line 6c, skip lines 8 and 9.</b>			
<b>7</b> Will the minimum funding amount reported on line 6c be met by the funding deadline? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>8</b> If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A

<b>Part III</b>	<b>Amendments</b>
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<b>9</b> 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(es). If no, check the "No" box.....	<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease	<input type="checkbox"/> Both	<input type="checkbox"/> No
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<b>Part IV</b>	<b>ESOPs</b> (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.
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<b>10</b> Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>11 a</b> Does the ESOP hold any preferred stock? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>b</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.) .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>12</b> Does the ESOP hold any stock that is not readily tradable on an established securities market? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2010  
v.092308.1

**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 items 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 items 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 items 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 items 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 items 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 items 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:

<b>a</b> The current year .....	<b>14a</b>	
<b>b</b> The plan year immediately preceding the current plan year .....	<b>14b</b>	
<b>c</b> The second preceding plan year .....	<b>14c</b>	

- 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:

<b>a</b> The corresponding number for the plan year immediately preceding the current plan year .....	<b>15a</b>	
<b>b</b> The corresponding number for the second preceding plan year .....	<b>15b</b>	

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

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

- 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 items (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 item 19(b)?  
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): \_\_\_\_\_





**PETERSON SULLIVAN LLP**

CERTIFIED PUBLIC ACCOUNTANTS  
601 UNION STREET, SUITE 2300  
SEATTLE, WASHINGTON 98101

**INDEPENDENT AUDITORS' REPORT**

To the Plan Administrative Committee of the  
Associated Recreation Council 401(k) Profit Sharing Plan & Trust  
Seattle, Washington

We have audited the accompanying statements of net assets available for benefits of the Associated Recreation Council 401(k) Profit Sharing Plan & Trust ("the Plan") as of December 31, 2010 and 2009, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2010 and 2009, and the changes in its net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2010, is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplementary information is the responsibility of the Plan's management. The supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Peterson Sullivan LLP*

July 29, 2011



**ASSOCIATED RECREATION COUNCIL  
401(k) PROFIT SHARING PLAN & TRUST**

FINANCIAL REPORT

DECEMBER 31, 2010

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**ASSOCIATED RECREATION COUNCIL 401(k)  
PROFIT SHARING PLAN & TRUST**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

December 31, 2010 and 2009

ASSETS	<u>2010</u>	<u>2009</u>
Investments, at fair value		
Mutual funds	\$ 464,716	\$ 315,194
Money market account	<u>131,994</u>	<u>98,088</u>
	596,710	413,282
 Note receivable from participant	 <u>1,955</u>	 <u></u>
 Net assets available for benefits	 <u><u>\$ 598,665</u></u>	 <u><u>\$ 413,282</u></u>

See Notes to Financial Statements



**ASSOCIATED RECREATION COUNCIL 401(k)  
PROFIT SHARING PLAN & TRUST**

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Additions to Net Assets		
Investment income		
Net appreciation in fair value of mutual fund investments	\$ 38,871	\$ 39,692
Interest and dividends	<u>11,790</u>	<u>8,286</u>
	50,661	47,978
Contributions		
Participants'	109,387	108,431
Employer's	28,149	27,462
Rollovers from other qualified plans	<u>5,460</u>	<u></u>
	<u>142,996</u>	<u>135,893</u>
Total additions	193,657	183,871
Deductions from Net Assets		
Benefits paid to participants	7,959	1,244
Administrative expenses	<u>315</u>	<u>159</u>
Net increase	185,383	182,468
Net Assets Available for Benefits		
Beginning of year	<u>413,282</u>	<u>230,814</u>
End of year	<u>\$ 598,665</u>	<u>\$ 413,282</u>

See Notes to Financial Statements



## **NOTES TO FINANCIAL STATEMENTS**

### **Note 1. Description of Plan**

The following description of the Associated Recreation Council 401(k) Profit Sharing Plan & Trust ("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 established effective January 1, 2006, to provide retirement benefits to eligible employees of Associated Recreation Council ("ARC"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

#### **Eligibility**

Prior to November 16, 2010, in general, employees of ARC were eligible to participate in the Plan the first day of the month after hire date so long as they are age 21. Effective November 16, 2010, eligibility requirements were changed so employees of ARC are eligible to participate in the Plan after one year of service, as defined by the Plan, so long as they are age 21.

#### **Participant Contributions**

Participants may elect to defer up to 95% of their eligible annual compensation, subject to the applicable limits of the Internal Revenue Code. Participants may also contribute amounts representing distributions from other qualified plans ("rollovers from other qualified plans"). Participants direct the investment of their contributions into various investment options offered by the Plan.

#### **Employer Contributions**

ARC may make a profit-sharing contribution to the Plan each year in an amount determined by ARC at its discretion. Any profit-sharing contribution is allocated based upon annual compensation, as defined by the Plan. In 2010, a profit-sharing contribution was paid to participants which was funded by forfeitures. No profit-sharing contributions were made in 2009. ARC may also make matching contributions to the Plan at its discretion equal to 50% of the participant's contribution up to 6% of his or her compensation for each eligible participant (the match cannot exceed 3% of the participant's compensation). ARC made matching contributions in 2010 and 2009. Participants direct the investment of their allocation of employer contributions into various investment options offered by the Plan.



### **Participant Accounts**

Each participant's account is credited with the participant's contribution and allocations of (a) ARC's contribution and (b) Plan earnings and losses, and charged with an allocation of administrative expenses. Allocations are based on participant compensation, participant contributions, or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

### **Vesting**

Participants are 100% vested in their contributions to the Plan and related earnings at all times. Employer contributions and related net earnings are vested as follows:

<u>Completed Years of Service</u>	<u>Percentage Vested</u>
1	0%
2	25
3	50
4	75
5	100

Additionally, a participant becomes 100% vested if the participant dies or becomes disabled while in the service of ARC.

### **Notes Receivable from Participants**

Under the terms of the Plan, participants may borrow from their accounts up to \$50,000 or 50% of their vested account balance, whichever is less. The notes are secured by the participants' accounts and bear a reasonable rate of interest (4.25% for note outstanding at December 31, 2010). Loans must be repaid in five years (longer if used to acquire a principal residence) and monthly payments are required to be made through payroll deductions. In the event of default, loans are not paid until a distributable event occurs. The participant notes receivable balance is due from one participant at December 31, 2010.

### **Forfeitures**

The portion of a terminated participant account that is not vested ("forfeitures") is used to reduce employer contributions. Forfeitures were \$1,592 in 2010, and the full amount was used for employer profit-sharing contributions in 2010. There were no forfeitures in 2009. There were no forfeited nonvested amounts included with net assets available for benefits at either December 31, 2010 or 2009.



### **Payment of Benefits**

On termination of service, if the participant's vested benefit is more than \$1,000, 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 over a period of time no greater than the participant's assumed life expectancy. If the participant's vested benefit in the Plan does not exceed \$1,000, then a single lump-sum distribution is required.

### **Administrative Expenses**

Administrative expenses relate to Plan administration and custodianship of investments. ARC pays the majority of Plan expenses.

### **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 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.

### **Plan Changes**

ARC reserves the right to amend or terminate the Plan at any time. However, no such amendment or termination shall deprive any participant of any vested interest in the Plan. In the event of Plan termination, participants will become fully vested in their accounts.

## **Note 2. Summary of Accounting Policies**

### **Basis of Accounting**

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

### **Use of Estimates**

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



### Contributions

Contributions from participants are recorded in the period in which they are withheld from the participant's compensation. Matching contributions from ARC are recorded in the period in which the related participant contributions are recorded. Profit-sharing contributions from ARC are recorded in the period in which the related compensation was earned.

### Fair Value Measurements/Investment Valuation and Income Recognition

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels which prioritize the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments are stated at fair value determined based on quoted market prices (unadjusted) in active markets.

Purchases and sales of securities are recorded on a trade date basis. Dividends are recorded on the ex-dividend date.

The following table represents information about the Plan's assets that have been measured at fair value on a recurring basis (investments) as of December 31, 2010 and 2009. The valuation of all investments is classified within Level 1 of the fair value hierarchy described above.

	2010	2009
Money Market Account	\$ 131,994	\$ 98,088
Mutual Funds		
Blend funds	126,346	64,321
Bond funds	116,027	110,415
Government securities funds	84,631	44,939
Growth funds	75,573	43,769
Diversified emerging markets funds	49,213	29,060
Value funds	12,926	22,690
Total mutual funds	464,716	315,194
	<u>\$ 596,710</u>	<u>\$ 413,282</u>



### **Notes Receivable from Participants**

Notes receivable from participants are stated at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are recorded as distributions based on the terms of the Plan document.

### **Payment of Benefits**

Benefit payments to participants are recorded when paid.

### **Subsequent Events**

The Plan has evaluated subsequent events through the date these financial statements were available to be issued, which was the same day as the independent auditors' report.

### **Note 3. Tax Status**

The Plan has adopted a non-standardized prototype sponsored by their third-party administrator. The prototype received a favorable determination letter from the Internal Revenue Service on November 26, 2001. ARC has not received a determination letter as to the qualified status of the Plan's adoption agreement. However, the Plan administrator believes the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Service.

The Plan's Form 5500 filings are open to examination for the years ended December 31, 2007 to 2010.



#### Note 4. Investments

Investments are as follows at December 31:

	2010	2009
Investments in Mutual Funds:		
Vanguard Intermediate Term Treasury	\$ 82,136 *	\$ 29,923 *
Charles Schwab Institutional Select S&P 500	51,378 *	34,432 *
Delaware Emerging Markets Institutional Fund	49,213 *	
Vanguard Inflation-Protected Securities Fund	46,756 *	41,927 *
Prudential High Yield Bond Fund	44,947 *	21,428 *
Fidelity Advisor New Insights I	32,659 *	
Royce Special Equity Fund	26,441	11,308
DWS Investments US Bond Index Fund	24,324	47,060 *
American Century Heritage Fund	23,802	18,451
Columbia Management Acorn International Fund	19,112	8,820
Nuveen Tradewinds Value Opportunities I	15,960	
MainStay Small Cap Growth Fund	13,329	5,545
Dreyfus Strategic Value I	12,926	12,318
Parnassus Income Trust - Equity Income		
Investment Fund	11,119	
Manning & Napier World Opportunities A	8,119	7,884
Vanguard Short-Term Federal Funds	2,495	15,016
American New World Fund		29,060 *
Columbia Management Marsico 21st Century Fund		15,322
Columbia Management Mid Cap Value Fund		10,372
Janus Contrarian Fund		5,151
Hartford Small Company R5		1,177
Total Mutual Funds	464,716	315,194
Investment in Money Market Account:		
Federated Investors Automated Cash		
Management Fund	131,994 *	98,088 *
	\$ 596,710	\$ 413,282

\*Investment represents 5% or more of the Plan's net assets available for benefits.



**ASSOCIATED RECREATION COUNCIL 401(k)  
PROFIT SHARING PLAN & TRUST**

**SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)**

December 31, 2010

EIN: 51-0170717

Plan Number: 001

(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
	Federated Investors, Inc.	Automated Cash Management Fund	**	\$ 131,994
	The Vanguard Group	Intermediate Term Treasury Fund	**	82,136
	Charles Schwab	Institutional Select S&P 500 Fund	**	51,378
	Delaware Investments	Emerging Markets Institutional Fund	**	49,213
	The Vanguard Group	Inflation-Protected Securities Fund	**	46,756
	Prudential Investments	High Yield Bond Fund	**	44,947
	Fidelity Investments	Fidelity Advisor New Insights I Fund	**	32,659
	The Royce Funds	Special Equity Fund	**	26,441
	DWS Investments	US Bond Index Institutional Fund	**	24,324
	American Century Investments	Heritage Fund	**	23,802
	Columbia Management	Acorn International Fund	**	19,112
	Nuveen Tradewinds	Value Opportunities I Fund	**	15,960
	MainStay Funds	Small Cap Growth Fund	**	13,329
	Dreyfus Corporation	Strategic Value I Fund	**	12,926
	Parnassus	Equity Income Investment Fund	**	11,119
	Manning & Napier	World Opportunities A Fund	**	8,119
	The Vanguard Group	Short-Term Federal Funds	**	2,495
	Note receivable from participant	4.25%; maturing on June 26, 2015	0	1,955

\*\* Information is not required as investments are participant-directed.