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 6047(e), 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

2010

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

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

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

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

Part II Basic Plan Information—enter all requested information

1a Name of plan
EXCELLIGENCE LEARNING CORPORATION 401(K) PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/1994

2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)
EXCELLIGENCE LEARNING CORPORATION

2 LOWER RAGSDALE DR STE 125
MONTEREY, CA 93940-5743

2 LOWER RAGSDALE DR STE 125
MONTEREY, CA 93940-5743

2b Employer Identification Number (EIN)
77-0559897

2c Sponsor's telephone number
831-333-2000

2d Business code (see instructions)
454110

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.	08/09/2011	SHANNON CARYL
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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

2 LOWER RAGSDALE DR STE 125
MONTEREY, CA 93940-5743

3b Administrator's EIN
77-0559897

3c Administrator's telephone number
831-333-2000

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**	597
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**	489
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	85
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	574
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	1
f	Total. Add lines **6d** and **6e**	**6f**	575
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	289
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	9
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:
2F 2G 2J 2K 2T 3D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:
4B

9a Plan funding arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	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)	X	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)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X	**H** (Financial Information)
(2)		**I** (Financial Information – Small Plan)
(3)		**A** (Insurance Information)
(4)	X	**C** (Service Provider Information)
(5)		**D** (DFE/Participating Plan Information)
(6)		**G** (Financial Transaction Schedules)

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.**	**2010** **This Form is Open to Public Inspection.**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan	**B** Three-digit plan number (PN) ▶	
EXCELLIGENCE LEARNING CORPORATION 401(K) PLAN		001

C Plan sponsor's name as shown on line 2a of Form 5500	**D** Employer Identification Number (EIN)
EXCELLIGENCE LEARNING CORPORATION	77-0559897

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

FID.INV.INST.OPS.CO.

04-2647786

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

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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)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(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?
64 37 65 60	RECORDKEEPER	23278	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

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

HAYASHI AND WAYLAND

20-1939256

(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?
15	RECORDKEEPER	11300	Yes [ ] No [X]	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 ☐

(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
FIDELITY INVESTMENTS INSTITUTIONAL	60	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.
AM CEN LG CO VAL INV - AMERICAN CEN 44-0619208	0.35%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	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.
ARIEL FUND - US BANCORP FUND SERVIC 39-0281260	0.38%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	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.
CALVERT EQUITY A - BOSTON FINANCIAL 04-2526037	0.35%

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	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.
COL/ACORN SELECT Z - COLUMBIA MGT I 04-3156901	0.35%

(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.

(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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Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

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:

a	Name:	**b** EIN;
c	Position:	
d	Address:	**e** Telephone:

Explanation:

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

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
EXCELLIGENCE LEARNING CORPORATION 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
EXCELLIGENCE LEARNING CORPORATION

D Employer Identification Number (EIN)
77-0559897

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	792803	731966
(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)	255774	318504
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	4423093	5395271
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	5471670	6445741
	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	5471670	6445741

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)		
	(B) Participants	2a(1)(B)	647096	
	(C) Others (including rollovers)	2a(1)(C)	46374	
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		693470
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	149	
	(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)	16696	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		16845
	(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)	87980	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		87980
	(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)		

		(a) Amount	(b) Total
2b (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)		
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		605005
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		1403300
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	271897	
(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)		271897
f Corrective distributions (see instructions)	2f		122748
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)	34584	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		34584
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		429229
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		974071
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) [ ] Unqualified (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: HAYASHI & WAYLAND, LLP (2) EIN: 20-1939256

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
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		1000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n		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)

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 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).

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

OMB No. 1210-0110

2010

This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
EXCELLIGENCE LEARNING CORPORATION 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
EXCELLIGENCE LEARNING CORPORATION

D Employer Identification Number (EIN)
77-0559897

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): 04-6568107

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

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

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

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

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

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

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

6 **a** Enter the minimum required contribution for this plan year **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 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(es). 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 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):

---

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:

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 item 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 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):

EXCELLIGENCE LEARNING CORPORATION 401(k) PLAN

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2009

AND INDEPENDENT AUDITORS' REPORT

EXCELLIGENCE LEARNING CORPORATION 401(k) PLAN

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HAYASHI & WAYLAND
ACCOUNTING & CONSULTING, LLP

INDEPENDENT AUDITORS' REPORT

To the Plan Administrator
Excelligence Learning Corporation 401(k) Plan:

We were engaged to audit the accompanying statements of net assets available for benefits of the ***Excelligence Learning Corporation 401(k) Plan*** *(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 and the supplemental schedule of assets held for investment purposes as of December 31, 2010. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR Section 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 Fidelity Management Trust Company, the plan trustee, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2010 and 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the investment information certified by the trustee, have been audited by us, in accordance with generally accepted auditing standards 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.

Salinas, California

July 2, 2011

Hayashi Wayland

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1101 Riverside Avenue, Suite C | Paso Robles, CA 93446 | Tel: (805) 226-7375 | Fax: (805) 221-3131

EXCELLIGENCE LEARNING CORPORATION 401(k) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS:		
Investments, at fair value –		
Mutual funds	$ 6,127,237	$ 5,215,896
Total investments	6,127,237	5,215,896
Receivables:		
Participant contributions	438	–
Participant loans	318,504	255,774
Total receivables	318,942	255,774
Total assets	6,446,179	5,471,670
LIABILITIES –		
Excess contributions refundable	58,031	100,053
Total liabilities	58,031	100,053
NET ASSETS AVAILABLE FOR BENEFITS	$ 6,388,148	$ 5,371,617

See Notes to Financial Statements.

EXCELLIGENCE LEARNING CORPORATION 401(k) PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2010 AND 2009

	2010	2009
ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Investment income:		
Net appreciation in fair value of investments	$ 605,007	$ 911,403
Interest and dividends	88,128	81,157
Total	693,135	992,560
Interest income on participant loans	16,696	15,111
Contributions:		
Participant deferrals	589,503	507,250
Rollovers	46,374	5,872
Total	635,877	513,122
Total additions	1,345,708	1,520,793
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Benefits paid to participants	294,593	125,120
Administrative expenses	34,584	32,826
Total deductions	329,177	157,946
NET INCREASE	1,016,531	1,362,847
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	5,371,617	4,008,770
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$ 6,388,148	$ 5,371,617

See Notes to Financial Statements.

NOTE 1. DESCRIPTION OF PLAN

The following description of the Excelligence Learning Corporation 401(k) Plan is for general information purposes only. Participants should refer to the Plan document for more complete information.

General – The Plan is a defined contribution 401(k) plan adopted January 1, 1994 covering all permanent, non-union employees of the employer who have completed three months of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions – Employees can defer 60% of their eligible compensation up to the maximum amounts permissible under IRS Code Sections 404, 415, 402(g) and 401(k). Participants may also contribute amounts representing distributions from other qualified plans. The sponsor may make a discretionary matching contribution on behalf of each eligible participant. For the years ended December 31, 2009 and 2010 the Company elected not to make any discretionary matching contributions.

Participant Accounts – Each participant's account is credited with the participant's contribution and allocations of (a) the company's discretionary matching contribution and (b) plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings 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 immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the remainder of their account is based on years of continuous service as follows:

Years of Service	Vested Percentage
Less than 2	0%
2	20%
3	40%
4	60%
5 or more	100%

NOTE 1. DESCRIPTION OF PLAN (Continued)

Payment of Benefits – Upon termination of service for any reason, a participant's vested account balance is generally distributed in a single lump-sum payment, although participants can elect to receive installment payments under a systematic withdrawal plan. Withdrawals of a participant's account during the participant's employment are limited to financial requirements meeting the hardship requirements of the Plan or through borrowings under the loan provisions of the Plan.

Participant Loans – 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 percent of their account balance. The loans are secured by the balance in the participant's account and bear interest at rates commensurate with local prevailing rates as determined by the plan administrator. Principal and interest is paid ratably through payroll deductions.

Forfeitures – If a participant terminates employment before they are 100% vested, the non–vested portion of the participant's account is forfeited. Forfeitures may first be used to pay administrative expenses of the plan, as directed by the Employer. Forfeitures not used to reduce administrative expenses may be used to reduce Employer contributions. For the years ended December 31, 2010 and 2009 forfeited non–vested accounts totaled $38,170 and $61,833, respectively. Amounts used to reduce employer contributions for the years ended December 31, 2010 and 2009 were $ –0– and $189, respectively. Amounts used to reduce administrative expenses for the years ended December 31, 2010 and 2009 were $30,460 and $29,785, respectively.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Plan are prepared on the accrual basis of accounting which is in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates – The preparation of financial statements in conformity 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investment Valuation and Income Recognition – Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 includes the plan's gains and losses on investments bought and sold as well as held during the year.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Participant Loans - Loans receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document.

Payment of Benefits – Benefits are recorded when paid.

Plan Expenses – Expenses to administer the plan may be paid from forfeited non-vested accounts if not paid by the employer, and certain fees are allocated to the individual participant accounts.

Subsequent Events – The Plan Administrator has evaluated subsequent events through July 2, 2011 the date the financial statements were available to be issued.

NOTE 3. CERTIFIED INVESTMENT INFORMATION

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator instructed the plan's independent auditors not to perform any auditing procedures with respect to the following information certified by Fidelity Management Trust Company, except for comparing such information with information included in the plan's financial statements and supplemental schedule.

Investments representing 5% or more of the Plan's net assets as of December 31 are separately identified.

Identification	2010	2009
Fidelity Contrafund	$ 663,041	$ 532,161
Fidelity Value Fund	448,807	384,833
Fidelity Export & Multinational Fund	261,653	318,082
Fidelity US Bond Index Fund	452,326	399,590
Fidelity Freedom 2030	501,340	404,332
Fidelity Freedom 2035	342,394	292,234
Fidelity Int'l Discovery Fund	354,552	317,411
Fidelity Retirement Money Market Fund	731,966	792,803
Fidelity Freedom 2020	345,710	307,761
Other Funds	2,025,448	1,466,689
Total investments	6,127,237	5,215,896
Participant loans	318,504	255,774
Total certified assets	$ 6,445,741	$ 5,471,670

NOTE 3. CERTIFIED INVESTMENT INFORMATION (Continued)

For the years ended December 31, 2010 and 2009, respectively, the Plan Trustee also certified to the completeness and accuracy of $605,007 and $911,403 of net appreciation in the fair value of investments and $104,824 and $96,268 of interest and dividends related to the aforementioned investments and participant loans.

NOTE 4. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB 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's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

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, 2010 and 2009.

Mutual funds: Valued at the net asset value ("NAV") of shares held by the plan at the year end.

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

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010 and 2009:

	Assets at Fair Value as of December 31, 2010			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Index funds	$ 52,240	$ –	$ –	$ 52,240
Growth funds	2,760,775	–	–	2,760,775
Balanced funds	2,129,930	–	–	2,129,930
Fixed income funds	1,184,292	–	–	1,184,292
Total assets at fair value	$6,127,237	$ –	$ –	$6,127,237

	Assets at Fair Value as of December 31, 2009			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Index funds	$ 42,012	$ –	$ –	$ 42,012
Growth funds	2,298,934	–	–	2,298,934
Balanced funds	1,682,557	–	–	1,682,557
Fixed income funds	1,192,393	–	–	1,192,393
Total assets at fair value	$5,215,896	$ –	$ –	$5,215,896

NOTE 5. RELATED PARTY TRANSACTIONS

Mutual funds are managed by Fidelity Management & Research Company. Fidelity Management Trust Company is a subsidiary of Fidelity Management & Research Company, and therefore transactions with Fidelity qualify as party-in-interest transactions. Fees paid by the Plan to related parties for investment services amount to $23,284 and $21,826 for the years ended December 31, 2010 and 2009, respectively.

NOTE 6. PLAN TERMINATION

Although it has not expressed any intent to do so, Plan Management has the right under the plan document to discontinue its contributions at any time and to terminate this plan subject to the provisions of ERISA. In the event of plan termination, each participant, retired participant, former participant and beneficiary shall be entitled to receive any amount credited to that person's account.

NOTE 7. TAX STATUS

The Internal Revenue Service has determined and informed the administrator that the prototype plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the plan has been amended since its adoption, the plan administrator believes that the plan is designed and is 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 applicable taxing authorities. The plan administrator has analyzed the tax positions taken by the plan, and has concluded that as of December 31, 2010 and 2009, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

NOTE 8. RISKS AND UNCERTAINTIES

The Plan may invest in various types of 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 value of the investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for plan benefits.

NOTE 9. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of the amounts reported in the financial statements to the amounts reported on Form 5500.

	2010	2009
Net Assets available for benefits:		
Per 5500	$ 6,445,741	$ 5,471,670
Contributions receivable	438	–
Contributions refundable	(58,031)	(100,053)
Per audited financial statements	$ 6,388,148	$ 5,371,617
Net income (loss):		
Per 5500	$ 974,071	$ 1,413,132
Contributions receivable at December 31, 2010	438	–
Excess contributions refundable at December 31, 2008	–	49,768
Excess contributions refundable at December 31, 2009	100,053	(100,053)
Excess contributions refundable at December 31, 2010	(58,031)	–
Per audited financial statements	$ 1,016,531	$ 1,362,847

SUPPLEMENTAL SCHEDULE

EXCELLIGENCE LEARNING CORPORATION 401(k) PLAN
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
AS OF DECEMBER 31, 2010

Plan Sponsor EIN: 77–0559897
Plan Number: 001

IDENTITY OF ISSUE	DESCRIPTION OF INVESTMENT	FAIR MARKET VALUE
Calvert Equity A Fund	Mutual Fund	$ 86,097
Ariel Fund	Mutual Fund	286,322
Columbia Acorn Select Z Fund	Mutual Fund	266,065
American Century Large Co. Value	Mutual Fund	119,438
Fidelity Contrafund	Mutual Fund	663,041
Fidelity Value Fund	Mutual Fund	448,807
Fidelity Int'l Discovery Fund	Mutual Fund	354,552
Fidelity Capital Appreciation Fund	Mutual Fund	124,290
Fidelity Export & Multinational Fund	Mutual Fund	261,653
Fidelity Stock Selector Small Cap Fund	Mutual Fund	150,511
Fidelity Freedom Income Fund	Mutual Fund	99,238
Fidelity Retirement Money Market Fund	Mutual Fund	731,966
Fidelity US Bond Index Fund	Mutual Fund	452,326
Fidelity Freedom 2000	Mutual Fund	54,483
Fidelity Freedom 2010	Mutual Fund	70,270
Fidelity Freedom 2020	Mutual Fund	345,710
Fidelity Freedom 2030	Mutual Fund	501,340
Fidelity Freedom 2040	Mutual Fund	259,230
Fidelity Freedom 2005	Mutual Fund	969
Fidelity Freedom 2015	Mutual Fund	224,038
Fidelity Freedom 2025	Mutual Fund	193,460
Fidelity Freedom 2035	Mutual Fund	342,394
Fidelity Freedom 2045	Mutual Fund	25,046
Fidelity Freedom 2050	Mutual Fund	13,751
Fidelity Spartan 500 Index	Mutual Fund	52,240
Participant loans	(Interest rates at 6.25%)	318,504
Total		$ 6,445,741

EXCELLIGENCE LEARNING CORPORATION 401(k) PLAN

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2009

AND INDEPENDENT AUDITORS' REPORT

EXCELLIGENCE LEARNING CORPORATION 401(k) PLAN

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HAYASHI & WAYLAND
ACCOUNTING & CONSULTING, LLP

INDEPENDENT AUDITORS' REPORT

To the Plan Administrator
Excelligence Learning Corporation 401(k) Plan:

We were engaged to audit the accompanying statements of net assets available for benefits of the ***Excelligence Learning Corporation 401(k) Plan*** *(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 and the supplemental schedule of assets held for investment purposes as of December 31, 2010. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR Section 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 Fidelity Management Trust Company, the plan trustee, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2010 and 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the investment information certified by the trustee, have been audited by us, in accordance with generally accepted auditing standards 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.

Salinas, California

July 2, 2011

Hayashi Wayland

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EXCELLIGENCE LEARNING CORPORATION 401(k) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS:		
Investments, at fair value –		
Mutual funds	$ 6,127,237	$ 5,215,896
Total investments	6,127,237	5,215,896
Receivables:		
Participant contributions	438	–
Participant loans	318,504	255,774
Total receivables	318,942	255,774
Total assets	6,446,179	5,471,670
LIABILITIES –		
Excess contributions refundable	58,031	100,053
Total liabilities	58,031	100,053
NET ASSETS AVAILABLE FOR BENEFITS	$ 6,388,148	$ 5,371,617

See Notes to Financial Statements.

EXCELLIGENCE LEARNING CORPORATION 401(k) PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2010 AND 2009

	2010	2009
ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Investment income:		
Net appreciation in fair value of investments	$ 605,007	$ 911,403
Interest and dividends	88,128	81,157
Total	693,135	992,560
Interest income on participant loans	16,696	15,111
Contributions:		
Participant deferrals	589,503	507,250
Rollovers	46,374	5,872
Total	635,877	513,122
Total additions	1,345,708	1,520,793
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Benefits paid to participants	294,593	125,120
Administrative expenses	34,584	32,826
Total deductions	329,177	157,946
NET INCREASE	1,016,531	1,362,847
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	5,371,617	4,008,770
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$ 6,388,148	$ 5,371,617

See Notes to Financial Statements.

NOTE 1. DESCRIPTION OF PLAN

The following description of the Excelligence Learning Corporation 401(k) Plan is for general information purposes only. Participants should refer to the Plan document for more complete information.

General – The Plan is a defined contribution 401(k) plan adopted January 1, 1994 covering all permanent, non-union employees of the employer who have completed three months of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions – Employees can defer 60% of their eligible compensation up to the maximum amounts permissible under IRS Code Sections 404, 415, 402(g) and 401(k). Participants may also contribute amounts representing distributions from other qualified plans. The sponsor may make a discretionary matching contribution on behalf of each eligible participant. For the years ended December 31, 2009 and 2010 the Company elected not to make any discretionary matching contributions.

Participant Accounts – Each participant's account is credited with the participant's contribution and allocations of (a) the company's discretionary matching contribution and (b) plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings 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 immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the remainder of their account is based on years of continuous service as follows:

Years of Service	Vested Percentage
Less than 2	0%
2	20%
3	40%
4	60%
5 or more	100%

NOTE 1. DESCRIPTION OF PLAN (Continued)

Payment of Benefits – Upon termination of service for any reason, a participant's vested account balance is generally distributed in a single lump-sum payment, although participants can elect to receive installment payments under a systematic withdrawal plan. Withdrawals of a participant's account during the participant's employment are limited to financial requirements meeting the hardship requirements of the Plan or through borrowings under the loan provisions of the Plan.

Participant Loans – 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 percent of their account balance. The loans are secured by the balance in the participant's account and bear interest at rates commensurate with local prevailing rates as determined by the plan administrator. Principal and interest is paid ratably through payroll deductions.

Forfeitures – If a participant terminates employment before they are 100% vested, the non–vested portion of the participant's account is forfeited. Forfeitures may first be used to pay administrative expenses of the plan, as directed by the Employer. Forfeitures not used to reduce administrative expenses may be used to reduce Employer contributions. For the years ended December 31, 2010 and 2009 forfeited non–vested accounts totaled $38,170 and $61,833, respectively. Amounts used to reduce employer contributions for the years ended December 31, 2010 and 2009 were $ –0– and $189, respectively. Amounts used to reduce administrative expenses for the years ended December 31, 2010 and 2009 were $30,460 and $29,785, respectively.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Plan are prepared on the accrual basis of accounting which is in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates – The preparation of financial statements in conformity 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investment Valuation and Income Recognition – Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 includes the plan's gains and losses on investments bought and sold as well as held during the year.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Participant Loans - Loans receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document.

Payment of Benefits – Benefits are recorded when paid.

Plan Expenses – Expenses to administer the plan may be paid from forfeited non-vested accounts if not paid by the employer, and certain fees are allocated to the individual participant accounts.

Subsequent Events – The Plan Administrator has evaluated subsequent events through July 2, 2011 the date the financial statements were available to be issued.

NOTE 3. CERTIFIED INVESTMENT INFORMATION

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator instructed the plan's independent auditors not to perform any auditing procedures with respect to the following information certified by Fidelity Management Trust Company, except for comparing such information with information included in the plan's financial statements and supplemental schedule.

Investments representing 5% or more of the Plan's net assets as of December 31 are separately identified.

Identification	2010	2009
Fidelity Contrafund	$ 663,041	$ 532,161
Fidelity Value Fund	448,807	384,833
Fidelity Export & Multinational Fund	261,653	318,082
Fidelity US Bond Index Fund	452,326	399,590
Fidelity Freedom 2030	501,340	404,332
Fidelity Freedom 2035	342,394	292,234
Fidelity Int'l Discovery Fund	354,552	317,411
Fidelity Retirement Money Market Fund	731,966	792,803
Fidelity Freedom 2020	345,710	307,761
Other Funds	2,025,448	1,466,689
Total investments	6,127,237	5,215,896
Participant loans	318,504	255,774
Total certified assets	$ 6,445,741	$ 5,471,670

NOTE 3. CERTIFIED INVESTMENT INFORMATION (Continued)

For the years ended December 31, 2010 and 2009, respectively, the Plan Trustee also certified to the completeness and accuracy of $605,007 and $911,403 of net appreciation in the fair value of investments and $104,824 and $96,268 of interest and dividends related to the aforementioned investments and participant loans.

NOTE 4. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB 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's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

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, 2010 and 2009.

Mutual funds: Valued at the net asset value ("NAV") of shares held by the plan at the year end.

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

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010 and 2009:

	Assets at Fair Value as of December 31, 2010			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Index funds	$ 52,240	$ –	$ –	$ 52,240
Growth funds	2,760,775	–	–	2,760,775
Balanced funds	2,129,930	–	–	2,129,930
Fixed income funds	1,184,292	–	–	1,184,292
Total assets at fair value	$6,127,237	$ –	$ –	$6,127,237

	Assets at Fair Value as of December 31, 2009			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Index funds	$ 42,012	$ –	$ –	$ 42,012
Growth funds	2,298,934	–	–	2,298,934
Balanced funds	1,682,557	–	–	1,682,557
Fixed income funds	1,192,393	–	–	1,192,393
Total assets at fair value	$5,215,896	$ –	$ –	$5,215,896

NOTE 5. RELATED PARTY TRANSACTIONS

Mutual funds are managed by Fidelity Management & Research Company. Fidelity Management Trust Company is a subsidiary of Fidelity Management & Research Company, and therefore transactions with Fidelity qualify as party-in-interest transactions. Fees paid by the Plan to related parties for investment services amount to $23,284 and $21,826 for the years ended December 31, 2010 and 2009, respectively.

NOTE 6. PLAN TERMINATION

Although it has not expressed any intent to do so, Plan Management has the right under the plan document to discontinue its contributions at any time and to terminate this plan subject to the provisions of ERISA. In the event of plan termination, each participant, retired participant, former participant and beneficiary shall be entitled to receive any amount credited to that person's account.

NOTE 7. TAX STATUS

The Internal Revenue Service has determined and informed the administrator that the prototype plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the plan has been amended since its adoption, the plan administrator believes that the plan is designed and is 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 applicable taxing authorities. The plan administrator has analyzed the tax positions taken by the plan, and has concluded that as of December 31, 2010 and 2009, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

NOTE 8. RISKS AND UNCERTAINTIES

The Plan may invest in various types of 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 value of the investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for plan benefits.

NOTE 9. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of the amounts reported in the financial statements to the amounts reported on Form 5500.

	2010	2009
Net Assets available for benefits:		
Per 5500	$ 6,445,741	$ 5,471,670
Contributions receivable	438	–
Contributions refundable	(58,031)	(100,053)
Per audited financial statements	$ 6,388,148	$ 5,371,617
Net income (loss):		
Per 5500	$ 974,071	$ 1,413,132
Contributions receivable at December 31, 2010	438	–
Excess contributions refundable at December 31, 2008	–	49,768
Excess contributions refundable at December 31, 2009	100,053	(100,053)
Excess contributions refundable at December 31, 2010	(58,031)	–
Per audited financial statements	$ 1,016,531	$ 1,362,847

SUPPLEMENTAL SCHEDULE

EXCELLIGENCE LEARNING CORPORATION 401(k) PLAN
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
AS OF DECEMBER 31, 2010

Plan Sponsor EIN: 77–0559897
Plan Number: 001

IDENTITY OF ISSUE	DESCRIPTION OF INVESTMENT	FAIR MARKET VALUE
Calvert Equity A Fund	Mutual Fund	$ 86,097
Ariel Fund	Mutual Fund	286,322
Columbia Acorn Select Z Fund	Mutual Fund	266,065
American Century Large Co. Value	Mutual Fund	119,438
Fidelity Contrafund	Mutual Fund	663,041
Fidelity Value Fund	Mutual Fund	448,807
Fidelity Int'l Discovery Fund	Mutual Fund	354,552
Fidelity Capital Appreciation Fund	Mutual Fund	124,290
Fidelity Export & Multinational Fund	Mutual Fund	261,653
Fidelity Stock Selector Small Cap Fund	Mutual Fund	150,511
Fidelity Freedom Income Fund	Mutual Fund	99,238
Fidelity Retirement Money Market Fund	Mutual Fund	731,966
Fidelity US Bond Index Fund	Mutual Fund	452,326
Fidelity Freedom 2000	Mutual Fund	54,483
Fidelity Freedom 2010	Mutual Fund	70,270
Fidelity Freedom 2020	Mutual Fund	345,710
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Fidelity Freedom 2040	Mutual Fund	259,230
Fidelity Freedom 2005	Mutual Fund	969
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Fidelity Freedom 2050	Mutual Fund	13,751
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Participant loans	(Interest rates at 6.25%)	318,504
Total		$ 6,445,741