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 04/01/2010 and ending 03/31/2011

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
VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 03/31/1971

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

P. O. BOX 538
SALIDA, CA 95368

2b Employer Identification Number (EIN) 94-1480064

2c Sponsor's telephone number 209-545-5100

2d Business code (see instructions) 424990

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.	01/12/2012	JOHN R. SCHEUBER
	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")

THE PLAN COMMITTEE
VETERINARY SERVICE, INC.
P. O. BOX 538
SALIDA, CA 95368

3b Administrator's EIN: 94-1480064

3c Administrator's telephone number: 209-545-5100

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**	259
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**	203
b	Retired or separated participants receiving benefits	**6b**	17
c	Other retired or separated participants entitled to future benefits	**6c**	15
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	235
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	1
f	Total. Add lines **6d** and **6e**	**6f**	236
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	236
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	17
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:

2I 2P 2Q

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)** [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)** [ ] **C** (Service Provider Information)
- **(5)** [ ] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

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 04/01/2010 and ending 03/31/2011

A Name of plan
VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 001

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

D Employer Identification Number (EIN)
94-1480064

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	23845	3317
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	737497	818211
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	718887	683703
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	13580	28442
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)	21138624	25759988
	(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	22632433	27293661
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i	1018674	812793
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	1018674	812793
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	21613759	26480868

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)	863602	
	(B) Participants	2a(1)(B)		
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		863602
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	1188	
	(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)	350	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		1538
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		0
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	4621364	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		4621364
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		683703
d Total income. Add all **income** amounts in column (b) and enter total	2d		6170207
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1257888	
(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)		1257888
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		45210
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		0
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		1303098
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		4867109
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) ☒ 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: GRIMBLEY COLEMAN CPAS, INC. (2) EIN: 77-0000018

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		500000
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 04/01/2010 and ending 03/31/2011

A Name of plan
VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 001

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

D Employer Identification Number (EIN)
94-1480064

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1**

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 77-6093706

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):

VETERINARY SERVICE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

FINANCIAL STATEMENTS

MARCH 31, 2011 AND 2010

VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN
FINANCIAL STATEMENTS
MARCH 31, 2011 AND 2010

TABLE OF CONTENTS

Independent Auditors' Report	1
Financial Statements:	
Statement of Net Assets Available for Benefits	2-3
Statement of Changes in Net Assets Available for Benefits	4
Notes to Financial Statements	5-11
Supplemental Information for Form 5500 Purposes:	
Schedule H, Line 4i – Schedule of Assets Held for Investment Purposes at March 31, 2011	12

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it's the people behind the numbers.

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INDEPENDENT AUDITORS' REPORT

Administrative Committee of the Veterinary Service, Inc.
Employee Stock Ownership Plan
Modesto, California

We have audited the accompanying statements of net assets available for benefits of Veterinary Service, Inc. Employee Stock Ownership Plan as of March 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended March 31, 2011, and the supplemental information as of March 31, 2011, as listed in the accompanying table of contents. These financial statements and supplemental information 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 of America. 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 March 31, 2011 and 2010, and the changes in net assets available for benefits for the year ended March 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basis financial statements taken as a whole. The supplemental information of Schedule H, Line 4i – Schedule of Assets Held For Investment Purposes at March 31, 2011, together referred to as "supplemental information," 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 supplemental information is the responsibility of the Plan's management. The supplemental 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.



Grimbleby Coleman
Certified Public Accountants, Inc.

December 8, 2011

VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
MARCH 31, 2011

	Allocated	Unallocated	Total
Investments, at Fair Value			
Qualified employer securities	$ 24,512,547	$ 1,247,441	$ 25,759,988
Receivables			
Employer contributions	818,211	-	818,211
S corporation distribution	683,703	-	683,703
Notes receivable from participants	28,443	-	28,443
Total receivables	1,530,357	-	1,530,357
Cash			
Cash in bank	3,317	-	3,317
Total assets	26,046,221	1,247,441	27,293,662
Liabilities			
Accrued expenses	9	-	9
Notes payable	-	812,785	812,785
Total liabilities	9	812,785	812,794
Net assets available for benefits	$ 26,046,212	$ 434,656	$ 26,480,868

The Notes to Financial Statements are an Integral Part of These Statements

VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
MARCH 31, 2010

	Allocated	Unallocated	Total
Investments, at Fair Value			
Qualified employer securities	$ 19,855,670	$ 1,282,953	$ 21,138,623
Receivables			
Employer contributions	737,497	-	737,497
S corporation distribution	718,887	-	718,887
Notes receivable from participants	13,581	-	13,581
Total receivables	1,469,965	-	1,469,965
Cash			
Cash in bank	23,845	-	23,845
Total assets	21,349,480	1,282,953	22,632,433
Liabilities			
Notes payable	-	1,018,674	1,018,674
Total liabilities	-	1,018,674	1,018,674
Net assets available for benefits	$ 21,349,480	$ 264,279	$ 21,613,759

The Notes to Financial Statements are an Integral Part of These Statements

VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED MARCH 31, 2011

	Allocated	Unallocated	Total
Additions to Net Assets Attributed to:			
Investment Income:			
S corporation distribution	$ 683,703	$ -	$ 683,703
Miscellaneous	350	-	350
Total Investment Income	684,053	-	684,053
Interest income on participant notes receivable	1,188	-	1,188
Contributions:			
Employer contributions	612,502	251,100	863,602
Allocation of 1541.7348 shares of common stock of Veterinary Service, Inc.	205,889	-	205,889
Net appreciation in fair value of qualified employer securities	4,450,988	170,377	4,621,365
Total Additions to Net Assets	5,954,620	421,477	6,376,097
Deductions from Net Assets Attributed to:			
Distributions to participants	1,257,888	-	1,257,888
Interest expense	-	45,211	45,211
Allocation of 1541.7348 shares of common stock of Veterinary Service, Inc.	-	205,889	205,889
Total Deductions from Net Assets	1,257,888	251,100	1,508,988
Net increase	4,696,732	170,377	4,867,109
Net Assets Available for Benefits			
Beginning of year	21,349,480	264,279	21,613,759
End of year	$ 26,046,212	$ 434,656	$ 26,480,868

The Notes to Financial Statements are an Integral Part of These Statements

NOTE 1 – DESCRIPTION OF THE PLAN

General: Veterinary Service, Inc. (the Company), established the Veterinary Service, Inc. Employee Stock Ownership Plan (the Plan) effective April 1, 1990. The Plan, as amended, operates as an employee stock ownership plan (ESOP), and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code 2586 (the Code), as amended, and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. An administrative committee appointed by the Company's Board of Directors administers the Plan.

During the year ended March 31, 2010, the Plan purchased Company common stock with notes payable (Note 10) to the sellers. The borrowing is to be paid over a nine-year period by fully deductible Company contributions to the Plan. As the Plan makes each payment of principal, an appropriate percentage of stock is allocated to eligible employees accounts in accordance with applicable regulations under the Code. Shares are fully vested upon allocation.

The borrowing is collateralized by the unallocated shares of common stock. The lenders have no rights against shares of common stock once they are allocated under the ESOP. Accordingly, the financial statements of the Plan as of March 31, 2010, and for the year then ended, present separately the assets and liabilities and the changes therein pertaining to (a) the accounts of employees with vested rights in allocated common stock (allocated) and (b) common stock not yet allocated to employee (unallocated).

Eligibility: Each employee shall become a participant in the Plan as of the first day of the plan year in which the employee first completes 1,000 hours of service, provided the employee has attained the age of 18.

Payment of benefits: No distributions from the Plan will be made until a participant retires, dies (in which case, payment shall be made to their beneficiary or, if none, their legal representatives), or otherwise terminates employment with the Company. Distributions are made in cash. Account balances exceeding $50,000 shall be paid in five substantially equal annual installments.

If a participant's vested amount exceeds $1,000, any distribution made prior to the date the participant attains normal retirement age can only be made with the participant's consent.

Stock: The Trustee, in accordance with instructions, shall vote all Company stock held by the Plan from the administrative committee. The participants shall be entitled to direct the voting of Company stock allocated to their Company stock account with respect to a vote required for the approval of any merger, consolidation, recapitalization, reclassification, liquidation, dissolution, sale, or other transactions prescribed by regulations. The Trustee votes unallocated shares held by the Plan.

Allocations: As of the end of each plan year, each participant is allocated a share of the current year's earnings based on their account balance as of the beginning of the year. The contribution for each year is divided among eligible participants in proportion to their share of covered compensation.

NOTE 1 – DESCRIPTION OF THE PLAN (CONTINUED)

Contributions: Employer contributions are at the discretion of the Company's Board of Directors. The Company's contribution is allocated to each participant based on covered compensation, as defined by the Plan.

Vesting: Participants vest in their accounts based on years of service, as defined by the Plan. A participant is fully vested after six years of credited service, after attaining normal retirement age, or upon death.

Forfeited accounts: The non-vested balances are forfeited and reallocated to the remaining participants. In the plan year ended March 31, 2011, there was a redistribution of $71,927 of forfeited, non-vested accounts.

Participant loans: A participant that is 100% vested in a plan benefit and is an active employee of the Company may apply to the plan committee for a loan from the participant's other investments account under the Plan at a minimum of $10,000 up to a maximum equal to the lesser of $50,000 or 50% of their account balance. The loans are secured by the balance in the participant's other investment account and bear interest at rates which are commensurate with local prevailing rates as determined periodically by the plan committee. Principal and interest is paid ratably through monthly payroll deductions. If a participant defaults on loan payments the loan may be deemed a distribution by the plan committee.

Administrative expenses: Administrative expenses recorded in the Plan represent custodial fees, accounting fees, and other third-party administration fees paid directly from the Plan to the respective service provider. The Company pays the administrative costs of the Plan associated with plan communication and recordkeeping, as well as provides equipment, personnel, and supplies to administer the Plan. Loan fees are deducted directly from the participants' accounts.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of accounting: The Plan maintains its accounting records and financial statements on the accrual basis of accounting.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Investment valuations and concentration: The common shares of the qualified employer securities are valued at fair value on March 31, 2011 and 2010, as determined by annual independent appraisals. It is reasonably possible that the value of the shares could change significantly at any time and, given that over 94% of the plan's assets consist of Company securities, a significant decrease in the value of the shares could have a severe impact on the plan's asset value.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Payment of benefits: Benefits are recorded when paid. The total vested benefits due to participants terminated but not paid at March 31, 2011 and 2010 was $1,528,847 and $1,985,515, respectively.

Reclassifications: Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 3 – ADMINISTRATION OF PLAN ASSETS

The plan's assets, which consist principally of sponsor company common shares, are held by the Trustee of the Plan.

Company contributions are held and managed by the Trustee, which invests cash received and interest income and makes distributions to participants. The Trustee also administers the payment of interest and principal on the loan, which is reimbursed to the Trustee through contributions as determined by the Company.

Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan. Administrative expenses for the Trustee's fees are paid directly by the Company.

NOTE 4 – INVESTMENTS

The Plan's investment in qualified employer securities at March 31 is as follows:

	Unallocated 2011	Allocated 2011	Unallocated 2010	Allocated 2010
Number of shares	6,086	119,597	7,628	118,055
Cost	$ 1,077,064	$ 7,662,507	$ 1,018,674	$ 7,456,618
Fair value	$ 1,247,441	$ 24,512,547	$ 1,282,953	$19,855,670

Investments exceeding 5% of the plan's net assets available for benefits consist of the qualified employer securities.

The plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $4,621,365.

NOTE 5 – 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 measurement) 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: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in inactive markets; (c) inputs other than quoted prices that are observable for the asset or liability; (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2011 and 2010:

Qualified employer securities: The fair value of the sponsor Company common stock held by the Plan is valued at fair value based upon an independent appraisal. This appraisal was based upon a combination of the market and income valuation techniques consistent with prior years. The appraiser took into account historical and projected cash flow and net income, return on assets, return on equity, market comparables, and estimated fair value of Company assets and liabilities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective value or reflective of future fair values. Furthermore, although the plan's administrator 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.

NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth by level within the fair value hierarchy, the Plan's assets at fair value as of March 31, 2011 and 2010:

Assets at Fair Value as of March 31, 2011:

	Level 1	Level 2	Level 3	Total
Qualified employer securities	$ –	$ –	$25,759,988	$25,759,988
Total assets at Fair Value	$ –	$ –	$25,759,988	$25,759,988

Assets at Fair Value as of March 31, 2010:

	Level 1	Level 2	Level 3	Total
Qualified employer securities	$ –	$ –	$21,138,623	$21,138,623
Total assets at fair value	$ –	$ –	$21,138,623	$21,138,623

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended March 31, 2011.

	Qualified Employer Securities
Level 3 Assets	
Balance, beginning of year	$21,138,623
Unrealized gains (losses) relating to assets still held at the reporting date	4,621,365
Balance – end of year	$25,759,988

Gains and losses (realized and unrealized) included in changes in net assets for the period above are reported in net appreciation in fair value of investments in the statement of changes in net assets available for benefits.

NOTE 6 – RELATED-PARTY TRANSACTIONS

The plan's audit fees are paid by the plan's sponsor.

NOTE 7 – PLAN TERMINATION

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

NOTE 8 – TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated June 6, 2002, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the plan administrator and the plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. The plan administrator is not aware of any course of action or series of events that have occurred that might adversely affect the Plan's qualified status.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS.

NOTE 9 – S CORPORATION DISTRIBUTION

The Company is an S corporation for tax purposes. The Company declared distributions of $683,703 and $925,000 effective March 31, 2011 and 2010, respectively, of which $683,703 is due to the ESOP in 2011.

NOTE 10 – NOTES PAYABLE

On March 4, 2010, the Plan entered into two promissory notes totaling $1,018,674 with two individuals. The notes were used to purchase the Company's common stock. Unallocated shares are collateral for the loan. The notes provide for the loans to be repaid over eight years. The fair value of both notes as of March 31, 2011 and 2010 were $812,785 and $1,018,674, respectively.

NOTE 10 – NOTES PAYABLE (CONTINUED)

Each note of $406,393 is payable in quarterly installments of $17,359 including interest at 4.6% beginning May 1, 2010 and ending with a final payment of $7,516 on February 1, 2019. Maturities of long-term debt are as follows:

Year Ending March 31	Amount
2012	$ 103,244
2013	108,076
2014	113,134
2015	118,428
2016	123,970
Thereafter	245,933
	$ 812,785

NOTE 11 – SUBSEQUENT EVENTS

The plan sponsor has evaluated subsequent events through December 8, 2011, the date the financial statements were available to be issued.

VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE H, LINE 4i –
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT MARCH 31, 2011

PLAN NAME: VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN
PLAN SPONSOR: VETERINARY SERVICE, INC.
PLAN NUMBER: 001
EIN: 94-1480064

(a)	(b)	(c)	(d)	(e)
Identity of Issuer, Borrower, Lessor, or Similar Party		Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost	Current Value
Veterinary Service, Inc.		118,055 shares of Veterinary Service, Inc. common stock	$ 8,739,571	$ 25,759,988
Notes receivable from participants		6.50% – 8.50%	$ **	$ 28,443

See Independent Auditors' Report

Attachment to 2010 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN **EIN:** 94-1480064
Plan Sponsor's Name VETERINARY SERVICE, INC. **PN:** 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
*	VETERINARY SERVICE, INC.	125,683 Shares of Veterinary Service, Inc. Common Stock	8,475,292	25,759,988