| Form 5500 | Annual Return/Report of Employee Benefit Plan | OMB Nos. 1210-0110 1210-0089 |
|---|---|---|
| Department of the Treasury Internal Revenue Service<br>Department of Labor Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | 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).<br>▶ **Complete all entries in accordance with the instructions to the Form 5500.** | **2010**<br>**This Form is Open to Public Inspection** |

## Part I Annual Report Identification Information

For calendar plan year 2010 or fiscal plan year beginning 07/01/2010 and ending 06/30/2011

**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:
- [ ] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
ROCKFORD CHRISTIAN SCHOOLS 401(K) P/S PLAN

**1b** Three-digit plan number (PN) ▶ 002

**1c** Effective date of plan 01/01/2009

**2a** Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)
ROCKFORD CHRISTIAN SCHOOLS

1401 N. BELL SCHOOL ROAD
ROCKFORD, IL 61107

**2b** Employer Identification Number (EIN) 36-2469118

**2c** Sponsor's telephone number 815-399-3465

**2d** Business code (see instructions) 611000

**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. | 01/30/2012 | KIM HAWKINSON |
| | **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 |

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

| | |
|---|---|
| **3a** Plan administrator's name and address (if same as plan sponsor, enter "Same")<br>ROCKFORD CHRISTIAN SCHOOLS<br><br>1401 N. BELL SCHOOL ROAD<br>ROCKFORD, IL 61107 | **3b** Administrator's EIN<br>36-2469118<br>**3c** Administrator's telephone number<br>815-399-3465 |

| | | |
|---|---|---|
| **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: | | **4b** EIN |
| **a** Sponsor's name | | **4c** PN |

| | | |
|---|---|---|
| **5** Total number of participants at the beginning of the plan year | **5** | 105 |
| **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** | 104 |
| **b** Retired or separated participants receiving benefits | **6b** | 0 |
| **c** Other retired or separated participants entitled to future benefits | **6c** | 3 |
| **d** Subtotal. Add lines **6a**, **6b**, and **6c** | **6d** | 107 |
| **e** Deceased participants whose beneficiaries are receiving or are entitled to receive benefits | **6e** | 0 |
| **f** Total. Add lines **6d** and **6e** | **6f** | 107 |
| **g** Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 22 |
| **h** Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 0 |
| **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:
2E 2F 2G 2J 2K 3D

**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) | | | **9b** Plan benefit arrangement (check all that apply) | | |
|---|---|---|---|---|---|
| **(1)** | ☐ | Insurance | **(1)** | ☐ | Insurance |
| **(2)** | ☐ | Code section 412(e)(3) insurance contracts | **(2)** | ☐ | Code section 412(e)(3) insurance contracts |
| **(3)** | X | Trust | **(3)** | X | Trust |
| **(4)** | ☐ | General assets of the sponsor | **(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** | | | **b General Schedules** | | | |
|---|---|---|---|---|---|---|
| **(1)** | ☐ | **R** (Retirement Plan Information) | **(1)** | X | | **H** (Financial Information) |
| **(2)** | ☐ | **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary | **(2)** | ☐ | | **I** (Financial Information – Small Plan) |
| | | | **(3)** | ☐ | 0 | **A** (Insurance Information) |
| | | | **(4)** | ☐ | | **C** (Service Provider Information) |
| **(3)** | ☐ | **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary | **(5)** | ☐ | | **D** (DFE/Participating Plan Information) |
| | | | **(6)** | ☐ | | **G** (Financial Transaction Schedules) |

| SCHEDULE H (Form 5500) | Financial Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury Internal Revenue Service<br>Department of Labor Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | 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).<br>▶ **File as an attachment to Form 5500.** | **2010**<br>**This Form is Open to Public Inspection** |

For calendar plan year 2010 or fiscal plan year beginning 07/01/2010 and ending 06/30/2011

**A** Name of plan
ROCKFORD CHRISTIAN SCHOOLS 401(K) P/S PLAN

**B** Three-digit plan number (PN) ▶ 002

**C** Plan sponsor's name as shown on line 2a of Form 5500
ROCKFORD CHRISTIAN SCHOOLS

**D** Employer Identification Number (EIN)
36-2469118

## 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) | | 0 |
| **(2)** Participant contributions | 1b(2) | 8955 | 0 |
| **(3)** Other | 1b(3) | | 0 |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | 22946 | 40602 |
| **(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) | | 0 |
| **(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) | 135549 | 246771 |
| **(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 | 167450 | 287373 |
| **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 | 167450 | 287373 |

## 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) | 0 | |
| **(B)** Participants | 2a(1)(B) | 105175 | |
| **(C)** Others (including rollovers) | 2a(1)(C) | 0 | |
| **(2)** Noncash contributions | 2a(2) | | |
| **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 105175 |
| **b Earnings on investments:** | | | |
| **(1)** Interest: | | | |
| **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | 0 | |
| **(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) | 0 | |
| **(F)** Other | 2b(1)(F) | | |
| **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 0 |
| **(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) | | |
| **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | 0 |
| **(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) | | 35622 |
| **c** Other income | 2c | | |
| **d** Total income. Add all **income** amounts in column (b) and enter total | 2d | | 140797 |

## Expenses

| | | | |
|---|---|---|---|
| **e** Benefit payment and payments to provide benefits: | | | |
| **(1)** Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 20874 | |
| **(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) | | 20874 |
| **f** Corrective distributions (see instructions) | 2f | | 0 |
| **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) | 0 | |
| **(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 | | 20874 |

## Net Income and Reconciliation

| | | | |
|---|---|---|---|
| **k** Net income (loss). Subtract line **2j** from line **2d** | 2k | | 119923 |
| **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: BENNING GROUP, LLC **(2)** EIN: 30-0003878

**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 | | 44896 |
| **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 | |
| **f** Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | |
| **g** Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | | X | |
| **h** Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | |
| **i** Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | X | | |
| **j** Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) | 4j | | X | |
| **k** Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | |
| **l** Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| **m** If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | X | |
| **n** If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. | 4n | | | |

**5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
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) |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

# ROCKFORD CHRISTIAN SCHOOLS
# 401(k) P/S PLAN

Financial Statements and
Supplemental Schedules

June 30, 2011 and 2010
(With Independent Auditor's Report Thereon)

**ROCKFORD CHRISTIAN SCHOOLS**
**401(k) P/S PLAN**

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BENNING GROUP, LLC
CERTIFIED PUBLIC ACCOUNTANTS
www.BenningGroup.com

**Independent Auditor's Report**

The Plan Administrator
Rockford Christian Schools 401(k) P/S Plan:

We were engaged to audit the accompanying statements of net assets available for benefits of the Rockford Christian Schools 401(k) P/S Plan (Plan) as of June 30, 2011 and 2010 and the supplemental schedules as of and for the year ended June 30, 2011, as listed in the accompanying table of contents. These financial statements and schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by MG Trust Company LLC, the custodian of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the custodian as of and for the years ended June 30, 2011 and 2010, that the information provided to the plan administrator by the custodian 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 schedules taken as a whole. The form and content of the information included in the financial statements and schedules, other than that derived from the information certified by the custodian, have been audited by us in accordance with generally accepted auditing standards in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Benning Group, LLC

Rockford, Illinois
January 3, 2012

50 W. Douglas Street, Suite 801
Freeport, Illinois 61032
(815) 235-3157
Fax (815) 235-3158

6785 Weaver Road, Suite 2A
Rockford, Illinois 61114
(815) 316-2375
Fax (815) 316-2389

1809 10th Street
Monroe, Wisconsin 53566
(608) 325-5035
Fax (608) 328-2843

**ROCKFORD CHRISTIAN SCHOOLS**
**401(k) P/S PLAN**

Statements of Net Assets Available for Benefits

June 30, 2011 and 2010

| | | 2011 | 2010 |
|---|---|---|---|
| Assets: | | | |
| Investments, at fair value: mutual funds | $ | 287,373 | 158,495 |
| Participant contributions receivable | | – | 8,955 |
| Total assets | | 287,373 | 167,450 |
| Liabilities | | – | – |
| Net assets available for benefits | $ | 287,373 | 167,450 |

The accompanying notes are an integral part of these financial statements.

**ROCKFORD CHRISTIAN SCHOOLS**
**401(k) P/S PLAN**

Statements of Changes in Net Assets
Available for Benefits

For the Years Ended June 30, 2011 and 2010

| | | 2011 | 2010 |
|---|---|---|---|
| Additions to net assets attributed to: | | | |
| Net appreciation in fair value of investments | $ | 28,595 | 891 |
| Realized gains on investments sold | | 3,171 | 764 |
| Interest and dividend income | | 3,856 | 1,658 |
| Participant contributions | | 105,175 | 110,748 |
| Total additions | | 140,797 | 114,061 |
| Deductions from net assets – benefit payments to participants | | 20,874 | – |
| Net increase | | 119,923 | 114,061 |
| Net assets available for benefits: | | | |
| Beginning of year | | 167,450 | 53,389 |
| End of year | $ | 287,373 | 167,450 |

The accompanying notes are an integral part of these financial statements.

**ROCKFORD CHRISTIAN SCHOOLS**
**401(k) P/S PLAN**

Notes to Financial Statements

June 30, 2011 and 2010

## (1) Description of Plan

The following description of the Rockford Christian Schools 401(k) P/S Plan (Plan) is provided for general information purposes only. Participants should refer to the Plan Agreement for more complete information.

### *(a) General*

The Plan is a defined contribution plan covering all employees of Rockford Christian Schools (the School) who have completed 1000 hours of service in 12 consecutive months and are age twenty-one or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

### *(b) Contributions*

Each year, participants may contribute up to $16,500 of pretax annual compensation, as limited by Federal tax laws. Participants who have attained age 50 before the end of the plan year are eligible to make additional catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

The School may make discretionary non-elective and matching contributions. For the years ended June 30, 2011 and 2010, the School did not make any contributions.

### *(c) Participant Accounts*

Each participant's account is credited with the participant's contribution and allocations of (a) the School's 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 balance.

### *(d) Participant Loans*

Participants may borrow from their fund accounts a minimum of $1,000 up to the 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 which are commensurate with local prevailing rates as determined by the plan administrator. Principal and interest is paid ratably through payroll deductions.

### *(e) Benefits*

Payment of benefits is to be made upon normal retirement, disability retirement, death, or termination of employment. Withdrawal of part or all of a participant's funds may be authorized by the Plan Administrator prior to any of the above in the event of financial hardship, as defined by the Plan, of a participant. Payment of benefits is generally made in a lump-sum amount equal to the value of the participant's vested interest in his/her account.

### *(f) Vesting*

Participants are immediately and fully vested in all contributions plus actual earnings thereon.

## (2) Summary of Significant Accounting Policies

### *(a) Basis of Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting.

### *(b) Investment Valuation and Income Recognition*

The Plan's investments are stated 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. See Note 4 for discussion of fair value measurements.

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

### *(c) Payment of Benefits*

Benefits are generally recorded when paid. A participant loan for which payment does not continue in accordance with the loan terms is considered a deemed distribution to the participant.

### *(d) Use of Estimates*

The preparation of financial statements is in conformity with accounting principles generally accepted in the United States of America and requires the Plan Administrator 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 asset additions and deductions during the reporting period. Actual results may differ from those estimates.

### *(e) Administrative Expenses*

Certain administrative expenses, including functions performed by officers or employees of the School, are incurred by the School at no charge to the Plan.

## (3) Investments

The individual investments which represent 5% or more of the Plan's net assets as of June 30 are as follows:

| | | 2011 | 2010 |
|---|---|---|---|
| Allianz NFJ Small Cap Value Fund | $ | 27,788 | 10,366 |
| American Funds Fundamental Investors Fund R2 | | 21,158 | 8,736 |
| American Funds Growth Fund R2 | | 33,054 | 15,825 |
| American Funds Money Market R2 Fund | | 40,602 | 22,946 |
| American Funds New World R2 Fund | | 29,288 | 12,164 |
| American Funds 2010 Target Retirement Fund R2 | | * | 8,783 |
| American Funds 2015 Target Retirement Fund R2 | | 41,055 | 21,265 |
| American Funds 2020 Target Retirement Fund R2 | | * | 16,877 |
| Pimco Total Return Admin Fund | | 20,886 | 11,643 |

* Denotes investment balance did not exceed 5% of Plan's net assets

During 2011 and 2010, the Plan's investments in mutual funds (including investments bought and held during the year) appreciated in value by $28,595 and 891, respectively.

## (4) Fair Value Measurements

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

Level 1: These represent quoted prices in active markets for identical assets that a market participant can access at the measurement date. Exchange listed equity securities or exchange traded mutual fund shares are the best example of a Level 1 input.

Level 2: These are inputs that are observable either directly or indirectly. Examples here would include matrix pricing used to value fixed-income securities or prices obtained for unregistered funds that do not trade in a public market.

Level 3: These are inputs that are not observable. These would reflect the reporting entity's own assumptions about assumptions used by market participants to value the investment. For example, contract values of investment contracts or real estate holdings value using appraisal information could be examples of Level 3 inputs.

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.

Following is a description of the valuation methodologies used for assets measured at fair value.

*Money market funds:* Valued at cost, which approximates fair value.

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

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value

of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2011 and 2010:

| | Assets at fair value as of June 30, 2011 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Money market funds | $ 40,602 | – | – | 40,602 |
| Mutual funds by type: | | | | |
| Small Value | 27,788 | – | – | 27,788 |
| World Stock | 13,429 | – | – | 13,429 |
| World Allocation | 7,147 | – | – | 7,147 |
| Foreign Large Blend | 9,584 | – | – | 9,584 |
| Foreign Large Growth | 957 | | | 957 |
| Large Blend | 21,158 | – | – | 21,158 |
| Large Growth | 33,054 | – | – | 33,054 |
| Diversified Emerging Markets | 29,288 | – | – | 29,288 |
| Large Value | 1,792 | – | – | 1,792 |
| Target Date 2010 – 2045 | 69,633 | – | – | 69,633 |
| Mid Cap Blend | 12,100 | – | – | 12,100 |
| Intermediate-Term Bond | 20,841 | – | – | 20,841 |
| | $ 287,373 | – | – | 287,373 |

| | Assets at fair value as of June 30, 2010 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Money market funds | $ 22,946 | – | – | 22,946 |
| Mutual funds by type: | | | | |
| Small Value | 10,366 | – | – | 10,366 |
| World Stock | 5,946 | – | – | 5,946 |
| World Allocation | 3,563 | – | – | 3,563 |
| Foreign Large Blend | 4,609 | – | – | 4,609 |
| Large Blend | 8,736 | – | – | 8,736 |
| Large Growth | 15,825 | – | – | 15,825 |
| Diversified Emerging Markets | 12,164 | – | – | 12,164 |
| Large Value | 661 | – | – | 661 |
| Target Date 2010 – 2045 | 56,279 | – | – | 56,279 |
| Mid Cap Blend | 5,757 | – | – | 5,757 |
| Intermediate-Term Bond | 11,643 | – | – | 11,643 |
| | $ 158,495 | – | – | 158,495 |

## (5) Information Certified by Custodian (Unaudited)

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 has obtained certification from MG Trust Company LLC (Custodian) for 2011 and 2010 that all of the information provided by them is complete and accurate. Such information includes investments, net appreciation (depreciation) in fair value of investments, interest and dividend income.

## (6) Plan Termination

While no final decision has been made, the School is exploring its options as it relates to replacing, suspending or terminating the Plan. The School has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

## (7) Prohibited Transactions

During 2011 and 2010, the School failed to remit to the Plan's trustee certain employee contributions totaling $44,896 and 71,780, respectively, within the period prescribed by the Department of Labor's regulations. Delays in remitting contributions to the trust were due to lack of understanding of the DOL requirements, and the School has or will make contributions to the affected participants' accounts to compensate those participants for potential lost income due to the delays.

## (8) Tax Status

The School adopted a prototype plan from Plan Administrators, Inc. This Plan received a determination letter from the Internal Revenue Service stating that the Plan, as designed, was in compliance with the applicable requirements 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.

## (9) Risks and Uncertainties

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

## (10) Subsequent Events

Subsequent events are events or transactions that occur after the statement of net assets available for benefits date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the statement of net assets available for benefits, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date (that is, non-recognized subsequent events).

The Plan has evaluated subsequent events through January 3, 2012 which was the date that these financial statements were available for issuance, and determined that there were no significant non-recognized subsequent events through that date.

**ROCKFORD CHRISTIAN SCHOOLS**
**401(k) P/S PLAN**
EIN # 36-2469118 Plan # 002
Schedule H, Line 4(a) – Schedule of Delinquent Participant Contributions
June 30, 2011

| Participant Contributions Transferred Late to the Plan | | | Total that Constitutes Nonexempt Prohibited Transactions | | | |
|---|---|---|---|---|---|---|
| Check here if Late Participant Loan Repayments are included: ☐ | | | Contributions Not Corrected | Contributions Corrected Outside VFCP | Contributions Pending Correction in VFCP | Total Fully Corrected Under VFCP and PTE 2002-51 |
| July 9, 2010 | remitted | August 4, 2010 | $ 4,490 | – | – | – |
| July 23, 2010 | remitted | August 4, 2010 | 4,505 | – | – | – |
| August 6, 2010 | remitted | August 23, 2010 | 3,978 | – | – | – |
| September 3, 2010 | remitted | September 22, 2010 | 4,004 | – | – | – |
| October 1, 2010 | remitted | October 18, 2010 | 4,004 | – | – | – |
| November 12, 2010 | remitted | November 23, 2010 | 4,004 | – | – | – |
| December 10, 2010 | remitted | January 7, 2011 | 4,004 | – | – | – |
| December 24, 2010 | remitted | January 7, 2011 | 3,920 | – | – | – |
| January 7, 2011 | remitted | January 26, 2011 | 3,929 | – | – | – |
| February 4, 2011 | remitted | February 23, 2011 | 4,029 | – | – | – |
| March 4, 2011 | remitted | March 18, 2011 | 4,029 | – | – | – |
| | | | $ 44,896 | – | – | – |

**ROCKFORD CHRISTIAN SCHOOLS**
**401(k) P/S PLAN**

EIN # 36-2469118 Plan # 002

Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)
June 30, 2011

| (a) | (b) Identity of issuer, 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 |
|---|---|---|---|---|---|
| | Allianz | Mutual fund | NFJ Small Cap Value Fund | $ ** | $ 27,788 |
| | American Funds | Mutual fund | Capital World Growth and Income Fund | ** | 13,429 |
| | American Funds | Mutual fund | Capital Income Builder R2 Fund | ** | 7,147 |
| | American Funds | Mutual fund | EuroPacific Growth R2 Fund | ** | 9,584 |
| | American Funds | Mutual fund | Fundamental Investors Fund R2 | ** | 21,158 |
| | American Funds | Mutual fund | Growth Fund R2 | ** | 33,054 |
| | American Funds | Money market fund | Money Market R2 Fund | ** | 40,602 |
| | American Funds | Mutual fund | New World R2 Fund | ** | 29,288 |
| | American Funds | Mutual fund | Washington Mutual R2 Fund | ** | 1,792 |
| | American Funds | Mutual fund | 2010 Target Date Retirement Fund R2 | ** | 8,296 |
| | American Funds | Mutual fund | 2015 Target Date Retirement Fund R2 | ** | 41,055 |
| | American Funds | Mutual fund | 2020 Target Date Retirement Fund R2 | ** | 10,390 |
| | American Funds | Mutual fund | 2025 Target Date Retirement Fund R2 | ** | 4,945 |
| | American Funds | Mutual fund | 2030 Target Date Retirement Fund R2 | ** | 2,203 |
| | American Funds | Mutual fund | 2045 Target Date Retirement Fund R2 | ** | 2,744 |
| | Invesco | Mutual fund | Mid Cap Core Equity Fund R | ** | 12,100 |
| | PIMCO | Mutual fund | Total Return Fund R | ** | 20,841 |
| | Thornburg | Mutual fund | International Value R3 | ** | 957 |
| | | | | | $ 287,373 |

** Not required as all investments are participant-directed