

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), 6057(b), 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
		2011
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ 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 <u>THE REDWOODS GROUP, INC. PROFIT SHARING PLAN</u>	1b Three-digit plan number (PN) ► <u>001</u> 1c Effective date of plan <u>01/01/2002</u>
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>THE REDWOODS GROUP, INC</u> <u>2801 SLATER ROAD</u> <u>MORRISVILLE, NC 27560</u>	2b Employer Identification Number (EIN) <u>56-2087089</u> 2c Sponsor's telephone number <u>800-463-8546</u> 2d Business code (see instructions) <u>524210</u>

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

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

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>09/11/2012</u>	<u>ERIN GARNEY</u>
	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.

Form 5500 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") THE REDWOODS GROUP, INC 2801 SLATER ROAD MORRISVILLE, NC 27560	3b Administrator's EIN 56-2087089 3c Administrator's telephone number 800-463-8546
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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
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5 Total number of participants at the beginning of the plan year	5	104
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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	81
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	25
d Subtotal. Add lines 6a , 6b , and 6c	6d	106
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	106
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	93
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	3

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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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) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
- (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

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

SCHEDULE A (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <hr/> <small>Department of Labor Employee Benefits Security Administration</small> <hr/> <small>Pension Benefit Guaranty Corporation</small>	Insurance Information 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. ► Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 <hr/> 2011 <hr/> This Form is Open to Public Inspection
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011		
A Name of plan THE REDWOODS GROUP, INC. PROFIT SHARING PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 THE REDWOODS GROUP, INC	D Employer Identification Number (EIN) 56-2087089	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
84-0467907	68322	937144-01	93	01/01/2011	12/31/2011

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

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	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	1117667
5 Current value of plan's interest under this contract in separate accounts at year end	5	3602983

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
 (3) ☒ other (specify) ▶ **GROUP ANNUITY CONTRACT**

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐**7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
 (3) ☐ guaranteed investment (4) ☐ other ▶

b Balance at the end of the previous year	7b	338448
c Additions: (1) Contributions deposited during the year	7c(1)	69838
(2) Dividends and credits	7c(2)	0
(3) Interest credited during the year	7c(3)	13789
(4) Transferred from separate account	7c(4)	795006
(5) Other (specify below)..... ▶ LOAN REPAYMENT, FORFEITURES	7c(5)	4092
(6) Total additions	7c(6)	882725
d Total of balance and additions (add b and c(6))	7d	1221173
e Deductions:		
(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	33895
(2) Administration charge made by carrier	7e(2)	-2274
(3) Transferred to separate account	7e(3)	71885
(4) Other (specify below)..... ▶	7e(4)	
(5) Total deductions	7e(5)	103506
f Balance at the end of the current year (subtract e(5) from d)	7f	1117667

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	0
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	0
(4) Claims charged.....		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions.....	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes.....	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	0
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves.....		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information 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.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan THE REDWOODS GROUP, INC. PROFIT SHARING PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 THE REDWOODS GROUP, INC	D Employer Identification Number (EIN) 56-2087089	

Part I	Service Provider Information (see instructions)
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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)..... ☐ 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

(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)

QUALIFIED RETIREMENT PLAN SVCS, INC

PO BOX 99163
RALEIGH, NC 27624-9163

(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?
13	CONTRACT ADMIN	4710	Yes ☒ No ☐	Yes ☐ No ☒	2417	Yes ☐ No ☒

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

GREAT-WEST LIFE & ANNUITY COMPANY

8515 EAST ORCHARD ROAD
GREENWOOD VILLAGE, CO 80111

(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	RECORDKEEPER	1700	Yes ☒ No ☐	Yes ☒ No ☐	0	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 ☐

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)

(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
QUALIFIED RETIREMENT PLAN SVCS, INC	13	2417
(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.	
GREA-WEST LIFE & ANNUITY COMPANY 8515 EAST ORCHARD ROAD GREENWOOD VILLAGE, CO 80111	TPA ALLOWANCE PAYMENT	
(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

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 D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information 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.	OMB No. 1210-0110 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2011</div> This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning	01/01/2011	and ending	12/31/2011
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A Name of plan THE REDWOODS GROUP, INC. PROFIT SHARING PLAN	B Three-digit plan number (PN)	001
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C Plan or DFE sponsor's name as shown on line 2a of Form 5500 THE REDWOODS GROUP, INC	D Employer Identification Number (EIN) 56-2087089
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Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: FUTUREFUNDS SERIES II
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b Name of sponsor of entity listed in (a): GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

c EIN-PN 84-0467907-001	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 3602983
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a Name of MTIA, CCT, PSA, or 103-12 IE:
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b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:
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b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:
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b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:
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b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:
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b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:
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b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

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
		2011
		This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011		
A Name of plan THE REDWOODS GROUP, INC. PROFIT SHARING PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 THE REDWOODS GROUP, INC	D Employer Identification Number (EIN) 56-2087089	

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)		
(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)	53094	93499
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)	4495768	3602983
(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)	338448	1117667
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(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	4887310	4814149

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 through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	4887310	4814149
---	-----------	---------	---------

Part II Income and Expense Statement

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

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	229628	
(B) Participants	2a(1)(B)	298431	
(C) Others (including rollovers)	2a(1)(C)	44865	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		572924

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

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	13789	
(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)	3795	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		17584

(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)		-59592
(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		2406
d Total income. Add all income amounts in column (b) and enter total.....	2d		533322

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	605533	
(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)		605533
f Corrective distributions (see instructions)	2f		
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)	950	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		950
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		606483

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-73161
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: JOHNSON LAMBERT AND COMPANY

(2) EIN: 52-1446779

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.).....		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.).....		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.)		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.).....		X	
e Was this plan covered by a fidelity bond?.....	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?		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?		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?		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.).....	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.).....	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?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		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)

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 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>THE REDWOODS GROUP, INC. PROFIT SHARING PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>THE REDWOODS GROUP, INC</u>	D Employer Identification Number (EIN) <u>56-2087089</u>

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	<u>0</u>
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): <u>84-0467907</u>		
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 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 (include any prior year accumulated funding deficiency not waived)	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 or other authority 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. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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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.
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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): _____

- 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): _____

The Redwoods Group, Inc. 401(k) Profit Sharing Plan
Financial Statements and Supplemental Schedules

*Years ended December 31, 2011 and 2010
with Report of Independent Auditors*

The Redwoods Group, Inc. 401(k) Profit Sharing Plan
Financial Statements and Supplemental Schedules

Years ended December 31, 2011 and 2010

Contents

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Report of Independent Auditors

Trustees

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

We were engaged to audit the accompanying statements of net assets available for benefits of The Redwoods Group, Inc. 401(k) Profit Sharing Plan (the Plan) as of December 31, 2011 and 2010, 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 at December 31, 2011 and schedule of reportable transactions for the year ended December 31, 2011. These financial statements and supplemental 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, as amended, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information described in Note D, which was certified by Great-West Life & Annuity Insurance Company, the custodian for the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the Plan sponsor that the custodian holds the Plan's investment assets and executes investment transactions. The Plan sponsor has obtained a certification from the custodian as of December 31, 2011 and 2010 and for the years then ended, that the information provided to the Plan sponsor 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 supplemental schedules taken as a whole. The supplemental schedules are presented for the purposes of additional analysis and are not a required part of the financial statements but are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the custodian, has been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended.

A handwritten signature in cursive script that reads "Johnson Lambert LLP". The signature is written in black ink and is positioned in the lower right area of the page.

Raleigh, North Carolina
July 30, 2012

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Statements of Net Assets Available for Benefits

	As of December 31,	
	<u>2011</u>	<u>2010</u>
Assets:		
Pooled separate account investments	\$ 3,602,983	\$ 4,495,768
Guaranteed portfolio fund	1,117,667	338,448
Notes receivable from participants	<u>93,499</u>	<u>53,094</u>
Net assets available for benefits	<u>\$ 4,814,149</u>	<u>\$ 4,887,310</u>

See accompanying notes to the financial statements.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Statements of Changes in Net Assets Available for Benefits

	Year ended December 31,	
	<u>2011</u>	<u>2010</u>
Changes to net assets attributed to:		
Contributions:		
Participants	\$ 298,431	\$ 324,994
Participant rollovers	44,865	7,115
Employer	<u>229,628</u>	<u>248,322</u>
Total contributions	<u>572,924</u>	<u>580,431</u>
Investment and other income:		
Net realized and unrealized change in fair value of plan investments	(59,592)	515,127
Interest on guaranteed portfolio fund	13,789	7,499
Interest on participant loans	3,795	2,841
Other income	<u>2,406</u>	<u>3,109</u>
Total investment and other income	<u>(39,602)</u>	<u>528,576</u>
Total contributions and investment income	<u>533,322</u>	<u>1,109,007</u>
Deductions from net assets:		
Benefit payments	605,533	211,598
Loan administrative expenses	<u>950</u>	<u>1,392</u>
Total deductions from net assets	<u>606,483</u>	<u>212,990</u>
Net change in net assets available for benefits	(73,161)	896,017
Net assets available for benefits, beginning of year	<u>4,887,310</u>	<u>3,991,293</u>
Net assets available for benefits, end of year	<u>\$ 4,814,149</u>	<u>\$ 4,887,310</u>

See accompanying notes to the financial statements.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements

Years ended December 31, 2011 and 2010

Note A - Description of Plan

The following description of The Redwoods Group, Inc. 401(k) Profit Sharing Plan (the Plan) provides only general information. Participants should refer to the summary plan description for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all eligible employees of The Redwoods Group, Inc. (the Sponsor or Plan Administrator). The Sponsor is a managing underwriter of property, casualty, liability and workers' compensation insurance coverage provided by insurance carriers for the Company's programs for Young Men's Christian Associations, camps, and Jewish Organizations throughout the United States. Employees of the Sponsor, who have attained age 21, are eligible to begin participating in the Plan on the first day of the month coinciding with or following their employment date. The Plan permits eligible employees to make pre-tax deferrals to the Plan. The Plan was established on January 1, 2002, and is subject to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Great-West Life & Annuity Insurance Company (Great-West) is the Plan's custodian. Pursuant to an agreement, Qualified Retirement Plan Services, Inc. provides specified regulatory compliance and administrative services to the Plan.

Contributions

Plan participants may contribute a portion of their compensation each Plan year, subject to certain limitations established by law. The Plan provides for matching contributions equal to 100% of employee salary deferrals that do not exceed 6% of compensation. In addition to the employees' salary deferrals and rollovers, the Sponsor may make the following discretionary contributions to the Plan: 1) matching contributions, 2) profit sharing contributions, 3) qualified non-elective contributions ("QNEC"). When the Plan sponsor elects to make profit sharing and QNEC contributions, amounts are allocated to each participant in proportion to the participant's compensation as compared to the total compensation of all participants eligible to share. The sponsor made no profit sharing or QNEC contributions in 2011 or 2010.

Investment of Assets

Participants direct their contributions and the Sponsor's contributions to one or more investment options provided by the Plan. Participant accounts are segregated for the purpose of determining gains and losses on the investments.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note A - Description of Plan (continued)

Vesting

Participants are 100% vested in their own salary deferrals, rollovers and QNECs. A participant becomes fully vested in the Sponsor's matching and other discretionary profit sharing contributions after 3 years of service. The cumulative vesting schedule is 33.3% after one year, 66.7% after two years and 100% after three years of service. Forfeitures of non-vested participant accounts are used to reduce the Sponsor's contributions. During the years ended December 31, 2011 and 2010, \$1,500 and \$5,211, respectively, of forfeited non-vested accounts were used to reduce the Sponsor's contributions. At December 31, 2011 and 2010, there were \$1,518 and \$0, respectively previously forfeited amounts are available to offset future contributions.

Payment of benefits

Vested balances are available for distribution to participants upon death, disability, termination of employment or attainment of age 59½. Additionally, hardship withdrawals are permitted by the Plan, provided certain conditions are met. At December 31, 2011 and 2010, no benefit distributions had been requested by Plan participants but not yet paid.

Notes receivables from participants

Plan participants are allowed to borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of the participant's vested account balance. Loan repayment terms for general purpose loans may not exceed five years and loan repayment terms for principal residence loans may not exceed fifteen years. A participant can have no more than two loans outstanding from the Plan at any time. The loans are secured by the balance in the participant's account and bear interest at a reasonable rate of interest charged for similar types of loans by other lenders. Principal and interest payments are withheld from participant wages through semi-monthly after-tax payroll deductions.

Plan termination

Although it has not expressed any intent to do so, the Sponsor has the right under the plan agreement to terminate the Plan subject to the provisions of ERISA. Upon termination, all amounts credited to participant accounts become 100% vested.

Note B - Significant Accounting Principles

Basis of accounting and use of estimates

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions which affect the reported amounts of net assets available for benefits at the date of the financial statements, disclosures of contingent assets and liabilities and the reported changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note B - Significant Accounting Principles (continued)

Investment valuation and income recognition

In accordance with GAAP, investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. GAAP requires the statement of net assets available for benefits to present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is to be prepared on a contract value basis. The Great-West guaranteed portfolio fund is a fully benefit-responsive contract and as of December 31, 2011 and 2010, fair value equaled contract value since the investment contract does not have a fair value adjustment upon discontinuance. Therefore, no adjustment from fair value to contract value is necessary.

In certain circumstances, the amount withdrawn from the fully benefit-responsive investment contract would be payable at a value other than contract value. These circumstances may include plan terminations and contract terminations.

In certain circumstances the issuer could terminate the contract and settle at amounts different than contract value. These circumstances may include, the trustee adopts an amendment to the Plan or operates the Plan in a manner which is unacceptable to the issuer; the trustee fails to comply with any provision contained in the group annuity contract; the Plan fails to qualify or becomes disqualified under Internal Revenue Code Section 401(a), as amended; the total amount of deposits received by the issuer in the preceding twelve months is less than \$25,000; the sum of all participant annuity account values falls below \$25,000; the group contract holder fails to make deposits which have been deducted from participants' paychecks within 30 days following the end of the month in which such deduction was made; transfers to investment vehicles outside the group annuity contract exceed the limitations provided under Section 64(D); the issuer may terminate the group annuity contract if the employer ceases doing business; this group annuity contract shall terminate if there are no remaining participant annuity accounts.

Current accounting guidance establishes a three-level hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1), the next priority to quoted prices for identical assets in inactive markets or similar assets in active markets (Level 2) and the lowest priority to unobservable inputs (Level 3).

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.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note B - Significant Accounting Principles (continued)

Investment valuation and income recognition (continued)

The Plan's investments are stated at fair value. Investments in pooled separate accounts (PSAs) are stated at estimated fair value, which have been determined based on the unit values of each PSA. Unit values are determined by Great-West by dividing the PSA net assets at fair value on the valuation date by the units outstanding at each valuation date, and are deemed to be Level 2 investments under GAAP. The Great-West guaranteed portfolio fund is similar in concept to a bank certificate of deposit with a guaranteed interest rate determined quarterly by Great-West.

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

Subsequent Events

The Plan evaluated subsequent events through July 30, 2012, the date on which these financial statements were available to be issued, and considered any relevant matters in the preparation of the financial statements.

Note C - Income Tax Status

The Plan is a prototype plan for which the IRS has issued a determination letter as to the acceptability of the Plan's form under the Internal Revenue Code (IRC). The Plan is relying on that determination and has not applied for a separate determination letter. Accordingly, no provision for income taxes has been included in the Plan's financial statements. Although the Plan has been amended since its formation, the Plan administrator believes the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

The Plan Administrator analyzed the tax positions taken by the Plan and concluded that as of December 31, 2011, no uncertain positions were taken or expected to be taken that would require recognition of a liability or disclosure of the financial statements. No tax planning strategies were used in 2011 and 2010. Tax years 2009 through 2011 are subject to examination by the IRS.

Note D - Information Certified by Plan Custodian

In accordance with Section 2520.203-8 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 received certification from Great-West as to the accuracy and completeness of investment and notes receivable from participants information presented in the accompanying statements of net assets available for benefits as of December 31, 2011 and 2010, statements of changes in net assets available for benefits for the years then ended, and the schedule of assets held for investment purposes at December 31, 2011 and the schedule of reportable transactions for the year ended December 31, 2011.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments

With the exception of the guaranteed portfolio fund, a PSA is established for each investment option available to the Plan comprised only of publicly traded shares of the underlying mutual fund. The PSAs are held separate and apart from the general assets of Great-West and are exclusively for the benefit of Plan participants and beneficiaries. The value of each PSA is directly related to the quoted share price of each mutual fund. No liquidity or redemption restrictions exist on participant balances invested in PSAs.

The Great-West guaranteed portfolio fund is a fully benefit-responsive investment contract. Funds are invested in a commingled fashion with investments in Great-West's general account. The average yield earned for the Great-West guaranteed portfolio fund for the years ended December 31, 2011 and 2010 were 2.03% and 2.43%, respectively. The average yield earned with any applicable adjustment to reflect the actual interest rate credited to plan participants was 2.03% and 2.43% for the years ended December 31, 2011 and 2010, respectively. Crediting interest rates are determined by Great-West on a quarterly basis. Key factors that could influence future crediting rates are changes to market interest rates, changes in the market value of securities, changes in the duration of weighted average life of securities and deposits or withdrawals of investment contracts.

The fair values of individual investments that represent 5% or more of the Plan's total net assets available for benefits at December 31, are as follows:

	2011	2010
Pooled separate accounts		
Maxim Bond Index	\$ 536,197	\$ *
Maxim Moderate Profile II	531,773	765,060
Maxim American Century Growth Portfolio	288,412	*
Maxim Aggressive Profile II	277,294	332,760
American Funds Euro Pacific Growth R3	*	368,253
Maxim Loomis Sayles Bond Portfolio	*	353,029
Maxim S&P 500 Index	*	294,676
Maxim T. Rowe Price Mid-Cap Growth	*	270,046
Oppenheimer Capital Appreciation A	*	268,072
American Funds Growth Fund of America R3	*	267,800
Guaranteed Portfolio Fund	1,117,667	338,448

* Value less than 5% of net assets available for benefits

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

The major components of net realized and unrealized change in fair value of Plan investments, and interest on investments, during the year ended December 31, 2011 and 2010 were as follows:

<u>Year ended December 31, 2011:</u>	<u>Pooled separate</u> <u>accounts</u>	<u>Guaranteed</u> <u>portfolio fund</u>	<u>Total</u>
Net realized and unrealized change in fair value of plan investments	\$ (59,592)	\$ -	\$ (59,592)
Interest on investments	-	13,789	13,789
Total	<u>\$ (59,592)</u>	<u>\$ 13,789</u>	<u>\$ (45,803)</u>

<u>Year ended December 31, 2010:</u>	<u>Pooled separate</u> <u>accounts</u>	<u>Guaranteed</u> <u>portfolio fund</u>	<u>Total</u>
Net realized and unrealized change in fair value of plan investments	\$ 515,127	\$ -	\$ 515,127
Interest on investments	-	7,499	7,499
Total	<u>\$ 515,127</u>	<u>\$ 7,499</u>	<u>\$ 522,626</u>

The following table shows how the Plan's investments are categorized in accordance with the fair value hierarchy as of December 31, 2011 and 2010.

	<u>Assets at Fair Value as of December 31, 2011</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pooled separate accounts				
Large cap funds	\$ -	\$ 946,643	\$ -	\$ 946,643
Asset allocation	-	898,595	-	898,595
Bond funds	-	821,657	-	821,657
Mid cap funds	-	382,853	-	382,853
International funds	-	318,358	-	318,358
Small cap funds	-	234,877	-	234,877
Guaranteed portfolio fund	-	-	1,117,667	1,117,667
	<u>\$ -</u>	<u>\$ 3,602,983</u>	<u>\$ 1,117,667</u>	<u>\$ 4,720,650</u>

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

	Assets at Fair Value as of December 31, 2010			
	Level 1	Level 2	Level 3	Total
Pooled separate accounts				
Large cap funds	\$ -	\$ 1,136,627	\$ -	\$ 1,136,627
Asset allocation	-	1,224,074	-	1,224,074
Bond funds	-	725,072	-	725,072
Mid cap funds	-	518,996	-	518,996
International funds	-	667,220	-	667,220
Small cap funds	-	223,779	-	223,779
Guaranteed portfolio fund	-	-	338,448	338,448
	<u>\$ -</u>	<u>\$ 4,495,768</u>	<u>\$ 338,448</u>	<u>\$ 4,834,216</u>

Below is a reconciliation of activity for the Level 3 investments during the years ended December 31, 2011 and 2010.

Guaranteed portfolio fund:

Balance, January 1, 2010	\$ 268,294
Contributions	70,330
Transfers in	43,164
Interest	7,499
Transfers out	(40,664)
Fees/withdrawals	<u>(10,175)</u>
Balance, December 31, 2010	338,448
Contributions	76,337
Transfers in	795,006
Interest	13,789
Transfers out	(71,885)
Fees/withdrawals	<u>(34,028)</u>
Balance, December 31, 2011	<u>\$ 1,117,667</u>

Pooled Separate Accounts

The investment strategies of the pooled separate accounts at December 31, 2011 and 2010 are summarized below. At December 31, 2011 and 2010, no unfunded commitments exist for the pooled separate accounts and the redemption frequency was daily with no notice required for redemption.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

American Funds Europacific Growth R3

The investment seeks to provide long-term growth of capital. The fund invests primarily in common stocks of issuers in Europe and the Pacific Basin that the investment adviser believes have the potential for growth. Growth stocks are stocks that the investment adviser believes have the potential for above-average capital appreciation. It normally invests at least 80% of net assets in securities of issuers in Europe and the Pacific Basin. The fund may invest a portion of its assets in common stocks and other securities of companies in countries with developing economies and/or markets.

American Funds Growth Fund of Amer R3

The investment seeks capital growth. The fund invests primarily in common stocks and seeks to invest in companies that appear to offer superior opportunities for growth of capital. It may invest a portion of its assets in securities of issuers domiciled outside the U.S. The investment advisor uses a system of multiple portfolio counselors in managing the fund's assets.

Columbia Diversified Equity Income A

The investment seeks a high level of current income with a secondary consideration of steady growth of capital. The fund invests at least 80% of its net assets (including the amount of any borrowings for investment purposes) in dividend-paying common and preferred stocks. It may invest up to 25% of its net assets in foreign investments. The fund can invest in any economic sector and, at times, it may emphasize one or more particular sectors.

Columbia Diversified Equity Income R3

The investment seeks a high level of current income with a secondary consideration of steady growth of capital. The fund normally invests at least 80% of assets in dividend-paying common and preferred stocks. It may invest up to 25% of assets in foreign investments. The fund may invest in any economic sector and may emphasize one or more particular sectors.

Columbia Mid Cap Value R

The investment seeks to provide long-term growth of capital. The fund normally invests at least 80% of net assets in equity securities of companies that have market capitalizations in the range of the companies in the Russell Midcap Value Index at the time of purchase, that the Advisor believes are undervalued and that have the potential for long-term growth. It may invest up to 20% of total assets in foreign securities. The fund also may invest in real estate investment trusts.

Davis NY Venture R

The investment seeks long-term growth of capital. The fund uses the Davis Investment Discipline to invest the majority of the fund's assets in equity securities (typically common stocks, but may also include preferred stocks, convertible bonds, and other forms of equity securities) issued by large companies with market capitalizations of at least \$10 billion. It may invest in foreign securities.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

Fidelity Advisor Leveraged Co Stk - T

The investment seeks capital appreciation. The fund normally invests at least 80% of assets in stocks. It normally invests primarily in common stocks of leveraged companies (companies that issue lower-quality debt and other companies with leveraged capital structures). The fund may also invest in lower-quality debt securities. It may invest in domestic and foreign issuers. The fund invests in either growth stocks or value stocks or both.

Invesco Van Kampen Comstock - R

The investment seeks capital growth and income. The fund primarily invests at least 80% of assets in common stocks. It invests in a portfolio of equity securities, consisting principally of common stocks, preferred stocks and securities convertible into common and preferred stocks. It emphasizes a value style of investing seeking well-established, under-valued companies that have the potential for capital growth and income. The fund may invest up to 25% of total assets in foreign securities. It may invest up to 10% of total assets in real estate investment trusts.

Lord Abbett Value Opportunities A

The investment seeks long-term capital appreciation. The fund normally invests at least 65% of net assets in equity securities of small and mid-sized companies. The remainder of the fund's assets may be invested in companies of any size. It may change this policy at any time. The fund attempts to invest in companies the investment team believes have been undervalued by the market and are selling at reasonable prices. It may invest in U.S. and foreign (which may include emerging market) companies. Foreign companies may be traded on U.S. or non-U.S. securities exchanges and may include American Depositary Receipts (ADRs).

Marsico Focus

The investment seeks long-term growth of capital. The fund invests primarily in the common stocks of large companies that are selected for long-term growth potential. It normally holds a core position of between 20 and 30 common stocks. The fund may invest without limitation in foreign securities. These securities may be traded in the U.S. or in foreign markets or both, and may be economically tied to emerging markets. It is non-diversified.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

Maxim Aggressive Profile II

The investment seeks long-term capital appreciation primarily through investments in underlying portfolios that emphasize equity investments. The fund usually invests in underlying equity funds according to the following asset allocation ranges: 10% to 40% of assets in large cap funds, 10% to 40% of assets in international funds, 15% to 45% of assets in mid cap funds, and 5% to 35% of assets in small cap funds, and 0% to 10% in bonds and 0% to 10% in short term bonds. It may also invest in GWL&A Contract. The fund is non-diversified.

Maxim American Century Growth Portfolio

The investment seeks long-term capital growth. The fund normally invests in stocks of companies which may increase in value over time. It invests primarily on their analysis of individual companies, rather than on broad economic forecasts. The fund invests the assets primarily in U.S. securities, while it may also invest in securities of foreign companies, including companies located in emerging markets, and in foreign securities issued in the form of (ADRs). It uses a variety of analytical research tools and techniques to identify the stocks of larger-sized companies that meet their investment criteria.

Maxim Bond Index

The investment seeks investment results that track the debt securities that comprise the Barclays Capital U.S. Aggregate Bond Index. The fund normally invests at least 80% of net assets in securities included in the Benchmark Index and, using sampling techniques, a portfolio of securities designed to give the Portfolio the relevant comparable attributes of the Benchmark Index. This may be accomplished through a combination of fixed income securities ownership and owning futures contracts on the Benchmark Index and options on futures contracts.

Maxim Conservative Profile II

The investment seeks capital preservation primarily through investments in underlying portfolios that emphasize fixed income investments. The fund usually invests assets in underlying funds according to the following asset allocation ranges: 10% to 40% of assets in large cap funds, 0% to 15% of assets in international funds, 0% to 15% of assets in mid cap funds, 0% to 15% of assets in small cap funds, and 30% to 50% of assets in bonds and 25% to 45% of assets in short term bonds. It may also invest in the GWL&A Contract. The fund is non-diversified.

Maxim Index 600

The investment seeks investment results that track the total return of the common stocks that compromise the S&P SmallCap(R) 600 Index. The fund invests 80% of net assets in common stocks of its benchmark index. It may also invest in a combination of stock ownership and owning futures contracts on the relevant index and options on futures contracts, and Exchange Traded Funds (ETFs) that seek to track the relevant index.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

Maxim International Index Portfolio

The investment seeks to track the total return of the common stocks that comprise the MSCI EAFE Index. The fund normally invests at least 80% of its net assets in common stocks of the MSCI EAFE Index or in derivative securities economically related to the benchmark index. It normally seeks investment results, before fees and expenses that track the total return of the common stocks that comprise the benchmark index. The fund does not necessarily invest in all of the stocks in the benchmark index, or in the same weightings as the stocks have in the benchmark index.

Maxim Loomis Sayles Bond Portfolio

The investment seeks high total investment return through a combination of current income and capital appreciation. The fund normally invests at least 80% of its net assets in fixed income securities. It normally focuses on good relative value based on the credit outlook of the issuer, good structural fit within the objectives and constraints of the Portfolio, and maximum total return potential. The fund may invest up to 20% in preferred stock and convertible preferred stock. It may invest up to 20% of its total assets in foreign securities. The fund may also invest up to 35% of its total assets in securities of below investment grade quality bonds.

Maxim Moderate Profile II

The investment seeks long-term capital appreciation primarily through investments in underlying portfolios with a relatively equal emphasis on equity and fixed income investments. The fund usually invests assets in underlying funds according to the following asset allocation ranges: 0% to 30% of assets in international funds, 0% to 25% of assets in small cap funds, 0% to 30% of assets in mid cap funds, 15% to 45% in large cap funds and 5% to 25% in bonds and 5% to 25% in short term bonds. It may also invest in the GWL&A Contract. The fund is non-diversified.

Maxim S & P 500 Index

The investment seeks investment results that track the total return of the common stocks that comprise the S&P 500(R) Index. The fund invests at least 80% of net assets (plus the amount of any borrowings for investment purposes) in common stocks included in its benchmark index. It will seek investment results that track the total return of the common stocks that comprise the benchmark index by owning the securities contained in the benchmark index in as close as possible a proportion of the portfolio as each stock's weight in the benchmark index.

Maxim S & P Midcap 400(R) Index

The investment seeks investment results, before fees and expenses, which track the total return of the common stocks that comprise the S&P MidCap 400(R) Index. The fund normally invests at least 80% of its net assets (plus the amount of any borrowings for investment purposes) in common stocks included in the S&P MidCap 400(R) Index (the "benchmark index"). The S&P MidCap 400(R) Index is comprised of 400 stocks representing companies in the middle tier of U.S. stock market capitalization.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

Maxim T. Rowe Price Equity Income

The investment seeks substantial dividend income and also long term capital appreciation. The fund normally invests at least 80% of net assets in common stocks, with 65% in the common stocks of well-established companies paying above-average dividends. It normally emphasizes companies that appear to be undervalued by various measures with favorable prospects for increasing dividend income and capital appreciation. The fund may invest up to 25% of its total assets in foreign securities.

Maxim T. Rowe Price Mid Cap Growth

The investment seeks long-term capital appreciation. The fund normally invests at least 80% of net assets in the securities of issuers whose market capitalization falls within the range of companies included in either the S&P MidCap 400(R) Index or the Russell MidCap(R) Growth Index at the time of purchase. It may invest up to 25% of total assets in foreign securities and may also invest in fixed income securities without regard to quality, maturity, or rating, including up to 10% of its total assets in non-investment grade fixed income securities.

Maxim US Government Mort Sec

The investment seeks the highest level of return consistent with preservation of capital and substantial credit protection. The fund normally invests at least 80% of net assets in mortgage related securities that have been issued or guaranteed by the U.S. government or its agencies or instrumentalities. It normally invests in private mortgage passthrough securities and collateralized mortgage obligations. The fund may invest in commercial mortgagebacked securities, asset-backed securities, and investment grade corporate bonds.

MFS International Value R2

The investment seeks capital appreciation. The fund normally invests assets primarily in foreign equity securities, including emerging-market equity securities. It may invest a relatively high percentage of the fund's assets in a single country, a small number of countries, or a particular geographic region. The fund focuses on investing assets in the stocks of companies that it believes are undervalued compared to their perceived worth.

Nuveen Small Cap Select A

The investment seeks capital appreciation. The fund invests at least 80% of net assets, plus the amount of any borrowings for investment purposes, in common stocks of small-capitalization companies, defined as companies that have market capitalizations of less than \$3 billion at the time of purchase. It may frequently invest in companies at the time of their initial public offering. The fund may invest up to 15% of its total assets in non-dollar denominated equity securities of non-U.S. issuers. Up to 15% of the fund's total assets may be invested in equity securities of emerging market issuers.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

Oppenheimer Capital Appreciation A

The investment seeks capital appreciation. The fund mainly invests in common stocks of growth companies whose earnings and stock prices are expected to increase at a faster rate than the overall market. These may be newer companies or established companies of any capitalization range that the portfolio manager believes may appreciate in value over the long term. It also invests in securities of U.S. issuers, but may also invest in foreign securities.

Oppenheimer Global A

The investment seeks capital appreciation. The fund invests mainly in common stock of U.S. and foreign companies. It can invest without limit in foreign securities and can invest in any country, including countries with developing or emerging markets. However, the fund currently emphasizes its investments in developed markets such as the United States, Western European countries and Japan. It does not limit its investments to companies in a particular capitalization range, but primarily invests in mid and large cap companies. The fund normally will invest in at least three countries (one of which may be the United States).

Pimco Total Return Admin

The investment seeks maximum total return, consistent with preservation of capital and prudent investment management. The fund normally invests at least 65% of its total assets in a diversified portfolio of Fixed Income Instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts, or swap agreements. It invests primarily in investment grade debt securities, but may invest up to 10% of total assets in high-yield securities (junk bonds). The fund may invest up to 15% of its total assets in securities and instruments that are economically tied to emerging market countries.

Putnam International Capital Opportunities R

The investment seeks long-term capital appreciation. The fund invests mainly in common stocks (growth or value stocks or both) of small and midsize companies outside the United States that the advisor believes have favorable investment potential. It invests mainly in developed countries, but may invest in emerging markets. The fund may also use derivatives, such as futures, options, certain foreign currency transactions, warrants and swap contracts, for both hedging and non-hedging purposes.

Ridgeworth Mid Cap Value Equity A

The investment seeks capital appreciation; current income is secondary. The fund invests at least 80% of net assets (plus any borrowings for investment purposes) in U.S. traded equity securities of mid cap companies. U.S. traded equity securities may include American Depositary Receipts ("ADRs"). It targets companies with market capitalizations similar to those of companies in the Russell Midcap(R) Value Index.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

Ridegworth Small Cap Growth Fund I

The investment seeks to provide long-term capital appreciation. The fund invests at least 80% of net assets (plus any borrowings for investment purposes) in U.S. traded equity securities of small cap companies. U.S. traded equity securities may include American Depositary Receipts ("ADRs"). The Sub-advisor considers small cap companies to be companies with market capitalizations similar to those of companies in the Russell 2000(R) Growth Index.

Royce Total Return K

The investment seeks long-term growth of capital and current income. The fund invests primarily in dividend-paying securities of small cap and micro cap companies that the advisor believes are trading significantly below its estimate of their current worth, basing this assessment chiefly on balance sheet quality and cash flow levels. It invests at least 65% of its net assets in equity securities. At least 90% of these securities will produce dividend or interest income to the fund, and at least 65% will be issued by companies with stock market capitalizations up to \$2.5 billion at the time of investment.

Note F - Transactions with Parties - In - Interest

Plan investments include units of participation in pooled separate accounts and a guaranteed portfolio fund managed by Great-West. As discussed in Note A, Great-West is the custodian for the Plan and, therefore, these transactions qualify as party-in-interest transactions.

Certain administrative functions related to the Plan are performed by employees of the Sponsor. Neither the Sponsor nor the employees receive compensation from the Plan for these services. Additionally, certain expenses of the Plan; primarily audit, record-keeping, administrative and regulatory compliance fees, are paid directly by the Sponsor.

Note G - Risks and Uncertainties

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

The Redwoods Group, Inc. 401(k) Profit Sharing Plan
Schedule H, Line 4i - Schedule of Assets Held for Investment Purposes at End of Year
(EIN: 56-2087089)
(PN: 001)

December 31, 2011

(a)	(b)	(c)	(d)	(e)
*	Identity of issuer, borrower, lessor, or similar party	Description of investment	Cost	Current Value
	Great-West Life & Annuity Insurance Company			
	Guaranteed Portfolio Fund	Guaranteed interest account	N/A	\$ 1,117,667
	Maxim Bond Index	Pooled separate account	N/A	536,194
	Maxim Moderate Profile II	Pooled separate account	N/A	531,773
	Maxim American Century Growth Profile	Pooled separate account	N/A	288,412
	Maxim Aggressive Profile II	Pooled separate account	N/A	277,294
	Maxim S&P 500 Index	Pooled separate account	N/A	207,810
	Maxim T. Rowe Price Mid-Cap Growth	Pooled separate account	N/A	206,816
	American Funds Growth Fund of America R3	Pooled separate account	N/A	193,456
	Maxim Loomis Sayles Bond Portfolio	Pooled separate account	N/A	183,326
	Maxim T. Rowe Price Equity Income	Pooled separate account	N/A	159,879
	Maxim Index 600	Pooled separate account	N/A	133,530
	Oppenheimer Global A	Pooled separate account	N/A	133,457
	American Funds Europacific Growth R3	Pooled separate account	N/A	122,736
	Ridgeworth Small Cap Growth Fund I	Pooled separate account	N/A	99,112
	Maxim Conservative Profile II	Pooled separate account	N/A	89,529
	Lord Abbett Value Opportunities A	Pooled separate account	N/A	87,823
	Pimco Total Return Admin	Pooled separate account	N/A	81,896
	Ridgeworth Mid Cap Value Equity A	Pooled separate account	N/A	73,308
	MFS International Value R2	Pooled separate account	N/A	55,511
	Marsico Focus	Pooled separate account	N/A	44,598
	Maxim US Government Mort Sec	Pooled separate account	N/A	20,238
	Invesco Van Kampen Comstock - R	Pooled separate account	N/A	20,152
	Columbia Diversified Equity Income A	Pooled separate account	N/A	18,572
	Fidelity Advisor Leveraged Co STK - T	Pooled separate account	N/A	14,901
	Davis NY Venture R	Pooled separate account	N/A	13,766
	Putnam Int'l Capital Opportunities R	Pooled separate account	N/A	6,643
	Nuveen Small Cap Select A	Pooled separate account	N/A	1,282
	Royce Total Return K	Pooled separate account	N/A	953
	Maxim International Index Portfolio	Pooled separate account	N/A	11
	Maxim S&P Midcap 400(R) Portfolio	Pooled separate account	N/A	<u>5</u>
	Total investments			4,720,650
*	Notes receivable from participants	Interest rates 4.25% - 8.75%	N/A	<u>93,499</u>
	Total assets held for investment purposes			<u>\$ 4,814,149</u>

* - Represents party-in-interest to the Plan.

N/A - Cost information has not been included in column (d) because all investments are participant-directed.

Note - Above information was obtained or derived from information supplied to the Plan and certified as complete and accurate by Great-West Life & Annuity Insurance Company.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan
Schedule H, Line 4j - Schedule of Reportable Transactions

December 31, 2011

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
<u>Identity of party involved</u>	<u>Description of asset</u>	<u>Purchase price</u>	<u>Selling price</u>	<u>Lease rental</u>	<u>Expense incur</u>	<u>Cost of asset</u>	<u>Current value of</u>	<u>Net gain or (loss)</u>
Category (i) series of single transactions greater than 5%								
Maxim Moderate Profile II	Mutual Fund	\$ -	\$ 262,657	N/A	\$ -	\$ 190,986	\$ 262,657	\$ 71,671
Maxim American Century Growth Portfolio Purchase	Mutual Fund	\$ 268,836	\$ -	N/A	\$ -	\$ 268,836	\$ 268,836	\$ -
Oppenheimer Capital Appreciation A	Mutual Fund	\$ -	\$ 268,836	N/A	\$ -	\$ 254,776	\$ 268,836	\$ 14,060
Guaranteed Portfolio Fund	Guaranteed Interest Account	\$ 262,674	\$ -	N/A	\$ -	\$ 262,674	\$ 262,674	\$ -
Maxim Bond Index	Mutual Fund	\$ 246,689	\$ -	N/A	\$ -	\$ 246,689	\$ 246,689	\$ -
Maxim Loomis Sayles Bond Portfolio	Mutual Fund	\$ -	\$ 246,689	N/A	\$ -	\$ 190,115	\$ 246,689	\$ 56,574

Form 5500Department of the Treasury
Internal Revenue ServiceDepartment 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), 6057(b), 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**2011****This Form Is Open to Public Inspection****Part I Annual Report Identification Information**For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

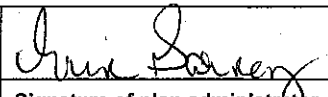
- A** This return/report is for: ☐ a multiemployer plan; ☐ a multiple-employer plan; or
☒ a single-employer plan; ☐ a DFE (specify) _____
- B** This return/report is: ☐ the first return/report; ☐ the final return/report;
☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
- 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 THE REDWOODS GROUP, INC. PROFIT SHARING PLAN	1b Three-digit plan number (PN) ▶ 001
	1c Effective date of plan 01/01/2002
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) THE REDWOODS GROUP, INC 2801 SLATER ROAD MORRISVILLE NC 27560	2b Employer Identification Number (EIN) 56-2087089 2c Sponsor's telephone number 800-463-8546 2d Business code (see instructions) 524210

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		<u>9/11/12</u>	ERIN GARNEY
	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.

Form 5500 (2011)
v.012611

The Redwoods Group, Inc. 401(k) Profit Sharing Plan
Financial Statements and Supplemental Schedules

*Years ended December 31, 2011 and 2010
with Report of Independent Auditors*

The Redwoods Group, Inc. 401(k) Profit Sharing Plan
Financial Statements and Supplemental Schedules

Years ended December 31, 2011 and 2010

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Schedule of Assets Held for Investment Purposes at End of Year	18
Schedule of Reportable Transactions.....	19

Report of Independent Auditors

Trustees

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

We were engaged to audit the accompanying statements of net assets available for benefits of The Redwoods Group, Inc. 401(k) Profit Sharing Plan (the Plan) as of December 31, 2011 and 2010, 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 at December 31, 2011 and schedule of reportable transactions for the year ended December 31, 2011. These financial statements and supplemental 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, as amended, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information described in Note D, which was certified by Great-West Life & Annuity Insurance Company, the custodian for the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the Plan sponsor that the custodian holds the Plan's investment assets and executes investment transactions. The Plan sponsor has obtained a certification from the custodian as of December 31, 2011 and 2010 and for the years then ended, that the information provided to the Plan sponsor 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 supplemental schedules taken as a whole. The supplemental schedules are presented for the purposes of additional analysis and are not a required part of the financial statements but are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the custodian, has been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended.

A handwritten signature in black ink that reads "Johnson Lambert LLP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
July 30, 2012

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Statements of Net Assets Available for Benefits

	As of December 31,	
	<u>2011</u>	<u>2010</u>
Assets:		
Pooled separate account investments	\$ 3,602,983	\$ 4,495,768
Guaranteed portfolio fund	1,117,667	338,448
Notes receivable from participants	<u>93,499</u>	<u>53,094</u>
Net assets available for benefits	<u>\$ 4,814,149</u>	<u>\$ 4,887,310</u>

See accompanying notes to the financial statements.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Statements of Changes in Net Assets Available for Benefits

	Year ended December 31,	
	<u>2011</u>	<u>2010</u>
Changes to net assets attributed to:		
Contributions:		
Participants	\$ 298,431	\$ 324,994
Participant rollovers	44,865	7,115
Employer	<u>229,628</u>	<u>248,322</u>
Total contributions	<u>572,924</u>	<u>580,431</u>
Investment and other income:		
Net realized and unrealized change in fair value of plan investments	(59,592)	515,127
Interest on guaranteed portfolio fund	13,789	7,499
Interest on participant loans	3,795	2,841
Other income	<u>2,406</u>	<u>3,109</u>
Total investment and other income	<u>(39,602)</u>	<u>528,576</u>
Total contributions and investment income	<u>533,322</u>	<u>1,109,007</u>
Deductions from net assets:		
Benefit payments	605,533	211,598
Loan administrative expenses	<u>950</u>	<u>1,392</u>
Total deductions from net assets	<u>606,483</u>	<u>212,990</u>
Net change in net assets available for benefits	(73,161)	896,017
Net assets available for benefits, beginning of year	<u>4,887,310</u>	<u>3,991,293</u>
Net assets available for benefits, end of year	<u>\$ 4,814,149</u>	<u>\$ 4,887,310</u>

See accompanying notes to the financial statements.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements

Years ended December 31, 2011 and 2010

Note A - Description of Plan

The following description of The Redwoods Group, Inc. 401(k) Profit Sharing Plan (the Plan) provides only general information. Participants should refer to the summary plan description for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all eligible employees of The Redwoods Group, Inc. (the Sponsor or Plan Administrator). The Sponsor is a managing underwriter of property, casualty, liability and workers' compensation insurance coverage provided by insurance carriers for the Company's programs for Young Men's Christian Associations, camps, and Jewish Organizations throughout the United States. Employees of the Sponsor, who have attained age 21, are eligible to begin participating in the Plan on the first day of the month coinciding with or following their employment date. The Plan permits eligible employees to make pre-tax deferrals to the Plan. The Plan was established on January 1, 2002, and is subject to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Great-West Life & Annuity Insurance Company (Great-West) is the Plan's custodian. Pursuant to an agreement, Qualified Retirement Plan Services, Inc. provides specified regulatory compliance and administrative services to the Plan.

Contributions

Plan participants may contribute a portion of their compensation each Plan year, subject to certain limitations established by law. The Plan provides for matching contributions equal to 100% of employee salary deferrals that do not exceed 6% of compensation. In addition to the employees' salary deferrals and rollovers, the Sponsor may make the following discretionary contributions to the Plan: 1) matching contributions, 2) profit sharing contributions, 3) qualified non-elective contributions ("QNEC"). When the Plan sponsor elects to make profit sharing and QNEC contributions, amounts are allocated to each participant in proportion to the participant's compensation as compared to the total compensation of all participants eligible to share. The sponsor made no profit sharing or QNEC contributions in 2011 or 2010.

Investment of Assets

Participants direct their contributions and the Sponsor's contributions to one or more investment options provided by the Plan. Participant accounts are segregated for the purpose of determining gains and losses on the investments.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note A - Description of Plan (continued)

Vesting

Participants are 100% vested in their own salary deferrals, rollovers and QNECs. A participant becomes fully vested in the Sponsor's matching and other discretionary profit sharing contributions after 3 years of service. The cumulative vesting schedule is 33.3% after one year, 66.7% after two years and 100% after three years of service. Forfeitures of non-vested participant accounts are used to reduce the Sponsor's contributions. During the years ended December 31, 2011 and 2010, \$1,500 and \$5,211, respectively, of forfeited non-vested accounts were used to reduce the Sponsor's contributions. At December 31, 2011 and 2010, there were \$1,518 and \$0, respectively previously forfeited amounts are available to offset future contributions.

Payment of benefits

Vested balances are available for distribution to participants upon death, disability, termination of employment or attainment of age 59½. Additionally, hardship withdrawals are permitted by the Plan, provided certain conditions are met. At December 31, 2011 and 2010, no benefit distributions had been requested by Plan participants but not yet paid.

Notes receivables from participants

Plan participants are allowed to borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of the participant's vested account balance. Loan repayment terms for general purpose loans may not exceed five years and loan repayment terms for principal residence loans may not exceed fifteen years. A participant can have no more than two loans outstanding from the Plan at any time. The loans are secured by the balance in the participant's account and bear interest at a reasonable rate of interest charged for similar types of loans by other lenders. Principal and interest payments are withheld from participant wages through semi-monthly after-tax payroll deductions.

Plan termination

Although it has not expressed any intent to do so, the Sponsor has the right under the plan agreement to terminate the Plan subject to the provisions of ERISA. Upon termination, all amounts credited to participant accounts become 100% vested.

Note B - Significant Accounting Principles

Basis of accounting and use of estimates

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions which affect the reported amounts of net assets available for benefits at the date of the financial statements, disclosures of contingent assets and liabilities and the reported changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note B - Significant Accounting Principles (continued)

Investment valuation and income recognition

In accordance with GAAP, investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. GAAP requires the statement of net assets available for benefits to present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is to be prepared on a contract value basis. The Great-West guaranteed portfolio fund is a fully benefit-responsive contract and as of December 31, 2011 and 2010, fair value equaled contract value since the investment contract does not have a fair value adjustment upon discontinuance. Therefore, no adjustment from fair value to contract value is necessary.

In certain circumstances, the amount withdrawn from the fully benefit-responsive investment contract would be payable at a value other than contract value. These circumstances may include plan terminations and contract terminations.

In certain circumstances the issuer could terminate the contract and settle at amounts different than contract value. These circumstances may include, the trustee adopts an amendment to the Plan or operates the Plan in a manner which is unacceptable to the issuer; the trustee fails to comply with any provision contained in the group annuity contract; the Plan fails to qualify or becomes disqualified under Internal Revenue Code Section 401(a), as amended; the total amount of deposits received by the issuer in the preceding twelve months is less than \$25,000; the sum of all participant annuity account values falls below \$25,000; the group contract holder fails to make deposits which have been deducted from participants' paychecks within 30 days following the end of the month in which such deduction was made; transfers to investment vehicles outside the group annuity contract exceed the limitations provided under Section 64(D); the issuer may terminate the group annuity contract if the employer ceases doing business; this group annuity contract shall terminate if there are no remaining participant annuity accounts.

Current accounting guidance establishes a three-level hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1), the next priority to quoted prices for identical assets in inactive markets or similar assets in active markets (Level 2) and the lowest priority to unobservable inputs (Level 3).

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.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note B - Significant Accounting Principles (continued)

Investment valuation and income recognition (continued)

The Plan's investments are stated at fair value. Investments in pooled separate accounts (PSAs) are stated at estimated fair value, which have been determined based on the unit values of each PSA. Unit values are determined by Great-West by dividing the PSA net assets at fair value on the valuation date by the units outstanding at each valuation date, and are deemed to be Level 2 investments under GAAP. The Great-West guaranteed portfolio fund is similar in concept to a bank certificate of deposit with a guaranteed interest rate determined quarterly by Great-West.

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

Subsequent Events

The Plan evaluated subsequent events through July 30, 2012, the date on which these financial statements were available to be issued, and considered any relevant matters in the preparation of the financial statements.

Note C - Income Tax Status

The Plan is a prototype plan for which the IRS has issued a determination letter as to the acceptability of the Plan's form under the Internal Revenue Code (IRC). The Plan is relying on that determination and has not applied for a separate determination letter. Accordingly, no provision for income taxes has been included in the Plan's financial statements. Although the Plan has been amended since its formation, the Plan administrator believes the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

The Plan Administrator analyzed the tax positions taken by the Plan and concluded that as of December 31, 2011, no uncertain positions were taken or expected to be taken that would require recognition of a liability or disclosure of the financial statements. No tax planning strategies were used in 2011 and 2010. Tax years 2009 through 2011 are subject to examination by the IRS.

Note D - Information Certified by Plan Custodian

In accordance with Section 2520.203-8 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 received certification from Great-West as to the accuracy and completeness of investment and notes receivable from participants information presented in the accompanying statements of net assets available for benefits as of December 31, 2011 and 2010, statements of changes in net assets available for benefits for the years then ended, and the schedule of assets held for investment purposes at December 31, 2011 and the schedule of reportable transactions for the year ended December 31, 2011.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments

With the exception of the guaranteed portfolio fund, a PSA is established for each investment option available to the Plan comprised only of publicly traded shares of the underlying mutual fund. The PSAs are held separate and apart from the general assets of Great-West and are exclusively for the benefit of Plan participants and beneficiaries. The value of each PSA is directly related to the quoted share price of each mutual fund. No liquidity or redemption restrictions exist on participant balances invested in PSAs.

The Great-West guaranteed portfolio fund is a fully benefit-responsive investment contract. Funds are invested in a commingled fashion with investments in Great-West's general account. The average yield earned for the Great-West guaranteed portfolio fund for the years ended December 31, 2011 and 2010 were 2.03% and 2.43%, respectively. The average yield earned with any applicable adjustment to reflect the actual interest rate credited to plan participants was 2.03% and 2.43% for the years ended December 31, 2011 and 2010, respectively. Crediting interest rates are determined by Great-West on a quarterly basis. Key factors that could influence future crediting rates are changes to market interest rates, changes in the market value of securities, changes in the duration of weighted average life of securities and deposits or withdrawals of investment contracts.

The fair values of individual investments that represent 5% or more of the Plan's total net assets available for benefits at December 31, are as follows:

	2011	2010
Pooled separate accounts		
Maxim Bond Index	\$ 536,197	\$ *
Maxim Moderate Profile II	531,773	765,060
Maxim American Century Growth Portfolio	288,412	*
Maxim Aggressive Profile II	277,294	332,760
American Funds Euro Pacific Growth R3	*	368,253
Maxim Loomis Sayles Bond Portfolio	*	353,029
Maxim S&P 500 Index	*	294,676
Maxim T. Rowe Price Mid-Cap Growth	*	270,046
Oppenheimer Capital Appreciation A	*	268,072
American Funds Growth Fund of America R3	*	267,800
Guaranteed Portfolio Fund	1,117,667	338,448

* Value less than 5% of net assets available for benefits

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

The major components of net realized and unrealized change in fair value of Plan investments, and interest on investments, during the year ended December 31, 2011 and 2010 were as follows:

<u>Year ended December 31, 2011:</u>	<u>Pooled separate</u> <u>accounts</u>	<u>Guaranteed</u> <u>portfolio fund</u>	<u>Total</u>
Net realized and unrealized change in fair value of plan investments	\$ (59,592)	\$ -	\$ (59,592)
Interest on investments	-	13,789	13,789
Total	<u>\$ (59,592)</u>	<u>\$ 13,789</u>	<u>\$ (45,803)</u>

<u>Year ended December 31, 2010:</u>	<u>Pooled separate</u> <u>accounts</u>	<u>Guaranteed</u> <u>portfolio fund</u>	<u>Total</u>
Net realized and unrealized change in fair value of plan investments	\$ 515,127	\$ -	\$ 515,127
Interest on investments	-	7,499	7,499
Total	<u>\$ 515,127</u>	<u>\$ 7,499</u>	<u>\$ 522,626</u>

The following table shows how the Plan's investments are categorized in accordance with the fair value hierarchy as of December 31, 2011 and 2010.

	<u>Assets at Fair Value as of December 31, 2011</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pooled separate accounts				
Large cap funds	\$ -	\$ 946,643	\$ -	\$ 946,643
Asset allocation	-	898,595	-	898,595
Bond funds	-	821,657	-	821,657
Mid cap funds	-	382,853	-	382,853
International funds	-	318,358	-	318,358
Small cap funds	-	234,877	-	234,877
Guaranteed portfolio fund	-	-	1,117,667	1,117,667
	<u>\$ -</u>	<u>\$ 3,602,983</u>	<u>\$ 1,117,667</u>	<u>\$ 4,720,650</u>

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

	Assets at Fair Value as of December 31, 2010			
	Level 1	Level 2	Level 3	Total
Pooled separate accounts				
Large cap funds	\$ -	\$ 1,136,627	\$ -	\$ 1,136,627
Asset allocation	-	1,224,074	-	1,224,074
Bond funds	-	725,072	-	725,072
Mid cap funds	-	518,996	-	518,996
International funds	-	667,220	-	667,220
Small cap funds	-	223,779	-	223,779
Guaranteed portfolio fund	-	-	338,448	338,448
	<u>\$ -</u>	<u>\$ 4,495,768</u>	<u>\$ 338,448</u>	<u>\$ 4,834,216</u>

Below is a reconciliation of activity for the Level 3 investments during the years ended December 31, 2011 and 2010.

Guaranteed portfolio fund:

Balance, January 1, 2010	\$ 268,294
Contributions	70,330
Transfers in	43,164
Interest	7,499
Transfers out	(40,664)
Fees/withdrawals	<u>(10,175)</u>
Balance, December 31, 2010	338,448
Contributions	76,337
Transfers in	795,006
Interest	13,789
Transfers out	(71,885)
Fees/withdrawals	<u>(34,028)</u>
Balance, December 31, 2011	<u>\$ 1,117,667</u>

Pooled Separate Accounts

The investment strategies of the pooled separate accounts at December 31, 2011 and 2010 are summarized below. At December 31, 2011 and 2010, no unfunded commitments exist for the pooled separate accounts and the redemption frequency was daily with no notice required for redemption.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

American Funds Europacific Growth R3

The investment seeks to provide long-term growth of capital. The fund invests primarily in common stocks of issuers in Europe and the Pacific Basin that the investment adviser believes have the potential for growth. Growth stocks are stocks that the investment adviser believes have the potential for above-average capital appreciation. It normally invests at least 80% of net assets in securities of issuers in Europe and the Pacific Basin. The fund may invest a portion of its assets in common stocks and other securities of companies in countries with developing economies and/or markets.

American Funds Growth Fund of Amer R3

The investment seeks capital growth. The fund invests primarily in common stocks and seeks to invest in companies that appear to offer superior opportunities for growth of capital. It may invest a portion of its assets in securities of issuers domiciled outside the U.S. The investment advisor uses a system of multiple portfolio counselors in managing the fund's assets.

Columbia Diversified Equity Income A

The investment seeks a high level of current income with a secondary consideration of steady growth of capital. The fund invests at least 80% of its net assets (including the amount of any borrowings for investment purposes) in dividend-paying common and preferred stocks. It may invest up to 25% of its net assets in foreign investments. The fund can invest in any economic sector and, at times, it may emphasize one or more particular sectors.

Columbia Diversified Equity Income R3

The investment seeks a high level of current income with a secondary consideration of steady growth of capital. The fund normally invests at least 80% of assets in dividend-paying common and preferred stocks. It may invest up to 25% of assets in foreign investments. The fund may invest in any economic sector and may emphasize one or more particular sectors.

Columbia Mid Cap Value R

The investment seeks to provide long-term growth of capital. The fund normally invests at least 80% of net assets in equity securities of companies that have market capitalizations in the range of the companies in the Russell Midcap Value Index at the time of purchase, that the Advisor believes are undervalued and that have the potential for long-term growth. It may invest up to 20% of total assets in foreign securities. The fund also may invest in real estate investment trusts.

Davis NY Venture R

The investment seeks long-term growth of capital. The fund uses the Davis Investment Discipline to invest the majority of the fund's assets in equity securities (typically common stocks, but may also include preferred stocks, convertible bonds, and other forms of equity securities) issued by large companies with market capitalizations of at least \$10 billion. It may invest in foreign securities.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

Fidelity Advisor Leveraged Co Stk - T

The investment seeks capital appreciation. The fund normally invests at least 80% of assets in stocks. It normally invests primarily in common stocks of leveraged companies (companies that issue lower-quality debt and other companies with leveraged capital structures). The fund may also invest in lower-quality debt securities. It may invest in domestic and foreign issuers. The fund invests in either growth stocks or value stocks or both.

Invesco Van Kampen Comstock - R

The investment seeks capital growth and income. The fund primarily invests at least 80% of assets in common stocks. It invests in a portfolio of equity securities, consisting principally of common stocks, preferred stocks and securities convertible into common and preferred stocks. It emphasizes a value style of investing seeking well-established, under-valued companies that have the potential for capital growth and income. The fund may invest up to 25% of total assets in foreign securities. It may invest up to 10% of total assets in real estate investment trusts.

Lord Abbett Value Opportunities A

The investment seeks long-term capital appreciation. The fund normally invests at least 65% of net assets in equity securities of small and mid-sized companies. The remainder of the fund's assets may be invested in companies of any size. It may change this policy at any time. The fund attempts to invest in companies the investment team believes have been undervalued by the market and are selling at reasonable prices. It may invest in U.S. and foreign (which may include emerging market) companies. Foreign companies may be traded on U.S. or non-U.S. securities exchanges and may include American Depositary Receipts (ADRs).

Marsico Focus

The investment seeks long-term growth of capital. The fund invests primarily in the common stocks of large companies that are selected for long-term growth potential. It normally holds a core position of between 20 and 30 common stocks. The fund may invest without limitation in foreign securities. These securities may be traded in the U.S. or in foreign markets or both, and may be economically tied to emerging markets. It is non-diversified.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

Maxim Aggressive Profile II

The investment seeks long-term capital appreciation primarily through investments in underlying portfolios that emphasize equity investments. The fund usually invests in underlying equity funds according to the following asset allocation ranges: 10% to 40% of assets in large cap funds, 10% to 40% of assets in international funds, 15% to 45% of assets in mid cap funds, and 5% to 35% of assets in small cap funds, and 0% to 10% in bonds and 0% to 10% in short term bonds. It may also invest in GWL&A Contract. The fund is non-diversified.

Maxim American Century Growth Portfolio

The investment seeks long-term capital growth. The fund normally invests in stocks of companies which may increase in value over time. It invests primarily on their analysis of individual companies, rather than on broad economic forecasts. The fund invests the assets primarily in U.S. securities, while it may also invest in securities of foreign companies, including companies located in emerging markets, and in foreign securities issued in the form of (ADRs). It uses a variety of analytical research tools and techniques to identify the stocks of larger-sized companies that meet their investment criteria.

Maxim Bond Index

The investment seeks investment results that track the debt securities that comprise the Barclays Capital U.S. Aggregate Bond Index. The fund normally invests at least 80% of net assets in securities included in the Benchmark Index and, using sampling techniques, a portfolio of securities designed to give the Portfolio the relevant comparable attributes of the Benchmark Index. This may be accomplished through a combination of fixed income securities ownership and owning futures contracts on the Benchmark Index and options on futures contracts.

Maxim Conservative Profile II

The investment seeks capital preservation primarily through investments in underlying portfolios that emphasize fixed income investments. The fund usually invests assets in underlying funds according to the following asset allocation ranges: 10% to 40% of assets in large cap funds, 0% to 15% of assets in international funds, 0% to 15% of assets in mid cap funds, 0% to 15% of assets in small cap funds, and 30% to 50% of assets in bonds and 25% to 45% of assets in short term bonds. It may also invest in the GWL&A Contract. The fund is non-diversified.

Maxim Index 600

The investment seeks investment results that track the total return of the common stocks that compromise the S&P SmallCap(R) 600 Index. The fund invests 80% of net assets in common stocks of its benchmark index. It may also invest in a combination of stock ownership and owning futures contracts on the relevant index and options on futures contracts, and Exchange Traded Funds (ETFs) that seek to track the relevant index.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

Maxim International Index Portfolio

The investment seeks to track the total return of the common stocks that comprise the MSCI EAFE Index. The fund normally invests at least 80% of its net assets in common stocks of the MSCI EAFE Index or in derivative securities economically related to the benchmark index. It normally seeks investment results, before fees and expenses that track the total return of the common stocks that comprise the benchmark index. The fund does not necessarily invest in all of the stocks in the benchmark index, or in the same weightings as the stocks have in the benchmark index.

Maxim Loomis Sayles Bond Portfolio

The investment seeks high total investment return through a combination of current income and capital appreciation. The fund normally invests at least 80% of its net assets in fixed income securities. It normally focuses on good relative value based on the credit outlook of the issuer, good structural fit within the objectives and constraints of the Portfolio, and maximum total return potential. The fund may invest up to 20% in preferred stock and convertible preferred stock. It may invest up to 20% of its total assets in foreign securities. The fund may also invest up to 35% of its total assets in securities of below investment grade quality bonds.

Maxim Moderate Profile II

The investment seeks long-term capital appreciation primarily through investments in underlying portfolios with a relatively equal emphasis on equity and fixed income investments. The fund usually invests assets in underlying funds according to the following asset allocation ranges: 0% to 30% of assets in international funds, 0% to 25% of assets in small cap funds, 0% to 30% of assets in mid cap funds, 15% to 45% in large cap funds and 5% to 25% in bonds and 5% to 25% in short term bonds. It may also invest in the GWL&A Contract. The fund is non-diversified.

Maxim S & P 500 Index

The investment seeks investment results that track the total return of the common stocks that comprise the S&P 500(R) Index. The fund invests at least 80% of net assets (plus the amount of any borrowings for investment purposes) in common stocks included in its benchmark index. It will seek investment results that track the total return of the common stocks that comprise the benchmark index by owning the securities contained in the benchmark index in as close as possible a proportion of the portfolio as each stock's weight in the benchmark index.

Maxim S & P Midcap 400(R) Index

The investment seeks investment results, before fees and expenses, which track the total return of the common stocks that comprise the S&P MidCap 400(R) Index. The fund normally invests at least 80% of its net assets (plus the amount of any borrowings for investment purposes) in common stocks included in the S&P MidCap 400(R) Index (the "benchmark index"). The S&P MidCap 400(R) Index is comprised of 400 stocks representing companies in the middle tier of U.S. stock market capitalization.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

Maxim T. Rowe Price Equity Income

The investment seeks substantial dividend income and also long term capital appreciation. The fund normally invests at least 80% of net assets in common stocks, with 65% in the common stocks of well-established companies paying above-average dividends. It normally emphasizes companies that appear to be undervalued by various measures with favorable prospects for increasing dividend income and capital appreciation. The fund may invest up to 25% of its total assets in foreign securities.

Maxim T. Rowe Price Mid Cap Growth

The investment seeks long-term capital appreciation. The fund normally invests at least 80% of net assets in the securities of issuers whose market capitalization falls within the range of companies included in either the S&P MidCap 400(R) Index or the Russell MidCap(R) Growth Index at the time of purchase. It may invest up to 25% of total assets in foreign securities and may also invest in fixed income securities without regard to quality, maturity, or rating, including up to 10% of its total assets in non-investment grade fixed income securities.

Maxim US Government Mort Sec

The investment seeks the highest level of return consistent with preservation of capital and substantial credit protection. The fund normally invests at least 80% of net assets in mortgage related securities that have been issued or guaranteed by the U.S. government or its agencies or instrumentalities. It normally invests in private mortgage passthrough securities and collateralized mortgage obligations. The fund may invest in commercial mortgagebacked securities, asset-backed securities, and investment grade corporate bonds.

MFS International Value R2

The investment seeks capital appreciation. The fund normally invests assets primarily in foreign equity securities, including emerging-market equity securities. It may invest a relatively high percentage of the fund's assets in a single country, a small number of countries, or a particular geographic region. The fund focuses on investing assets in the stocks of companies that it believes are undervalued compared to their perceived worth.

Nuveen Small Cap Select A

The investment seeks capital appreciation. The fund invests at least 80% of net assets, plus the amount of any borrowings for investment purposes, in common stocks of small-capitalization companies, defined as companies that have market capitalizations of less than \$3 billion at the time of purchase. It may frequently invest in companies at the time of their initial public offering. The fund may invest up to 15% of its total assets in non-dollar denominated equity securities of non-U.S. issuers. Up to 15% of the fund's total assets may be invested in equity securities of emerging market issuers.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

Oppenheimer Capital Appreciation A

The investment seeks capital appreciation. The fund mainly invests in common stocks of growth companies whose earnings and stock prices are expected to increase at a faster rate than the overall market. These may be newer companies or established companies of any capitalization range that the portfolio manager believes may appreciate in value over the long term. It also invests in securities of U.S. issuers, but may also invest in foreign securities.

Oppenheimer Global A

The investment seeks capital appreciation. The fund invests mainly in common stock of U.S. and foreign companies. It can invest without limit in foreign securities and can invest in any country, including countries with developing or emerging markets. However, the fund currently emphasizes its investments in developed markets such as the United States, Western European countries and Japan. It does not limit its investments to companies in a particular capitalization range, but primarily invests in mid and large cap companies. The fund normally will invest in at least three countries (one of which may be the United States).

Pimco Total Return Admin

The investment seeks maximum total return, consistent with preservation of capital and prudent investment management. The fund normally invests at least 65% of its total assets in a diversified portfolio of Fixed Income Instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts, or swap agreements. It invests primarily in investment grade debt securities, but may invest up to 10% of total assets in high-yield securities (junk bonds). The fund may invest up to 15% of its total assets in securities and instruments that are economically tied to emerging market countries.

Putnam International Capital Opportunities R

The investment seeks long-term capital appreciation. The fund invests mainly in common stocks (growth or value stocks or both) of small and midsize companies outside the United States that the advisor believes have favorable investment potential. It invests mainly in developed countries, but may invest in emerging markets. The fund may also use derivatives, such as futures, options, certain foreign currency transactions, warrants and swap contracts, for both hedging and non-hedging purposes.

Ridgeworth Mid Cap Value Equity A

The investment seeks capital appreciation; current income is secondary. The fund invests at least 80% of net assets (plus any borrowings for investment purposes) in U.S. traded equity securities of mid cap companies. U.S. traded equity securities may include American Depositary Receipts ("ADRs"). It targets companies with market capitalizations similar to those of companies in the Russell Midcap(R) Value Index.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

Ridegworth Small Cap Growth Fund I

The investment seeks to provide long-term capital appreciation. The fund invests at least 80% of net assets (plus any borrowings for investment purposes) in U.S. traded equity securities of small cap companies. U.S. traded equity securities may include American Depositary Receipts ("ADRs"). The Sub-advisor considers small cap companies to be companies with market capitalizations similar to those of companies in the Russell 2000(R) Growth Index.

Royce Total Return K

The investment seeks long-term growth of capital and current income. The fund invests primarily in dividend-paying securities of small cap and micro cap companies that the advisor believes are trading significantly below its estimate of their current worth, basing this assessment chiefly on balance sheet quality and cash flow levels. It invests at least 65% of its net assets in equity securities. At least 90% of these securities will produce dividend or interest income to the fund, and at least 65% will be issued by companies with stock market capitalizations up to \$2.5 billion at the time of investment.

Note F - Transactions with Parties - In - Interest

Plan investments include units of participation in pooled separate accounts and a guaranteed portfolio fund managed by Great-West. As discussed in Note A, Great-West is the custodian for the Plan and, therefore, these transactions qualify as party-in-interest transactions.

Certain administrative functions related to the Plan are performed by employees of the Sponsor. Neither the Sponsor nor the employees receive compensation from the Plan for these services. Additionally, certain expenses of the Plan; primarily audit, record-keeping, administrative and regulatory compliance fees, are paid directly by the Sponsor.

Note G - Risks and Uncertainties

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

The Redwoods Group, Inc. 401(k) Profit Sharing Plan
Schedule H, Line 4i - Schedule of Assets Held for Investment Purposes at End of Year
(EIN: 56-2087089)
(PN: 001)

December 31, 2011

(a)	(b)	(c)	(d)	(e)
*	Identity of issuer, borrower, lessor, or similar party	Description of investment	Cost	Current Value
	Great-West Life & Annuity Insurance Company			
	Guaranteed Portfolio Fund	Guaranteed interest account	N/A	\$ 1,117,667
	Maxim Bond Index	Pooled separate account	N/A	536,194
	Maxim Moderate Profile II	Pooled separate account	N/A	531,773
	Maxim American Century Growth Profile	Pooled separate account	N/A	288,412
	Maxim Aggressive Profile II	Pooled separate account	N/A	277,294
	Maxim S&P 500 Index	Pooled separate account	N/A	207,810
	Maxim T. Rowe Price Mid-Cap Growth	Pooled separate account	N/A	206,816
	American Funds Growth Fund of America R3	Pooled separate account	N/A	193,456
	Maxim Loomis Sayles Bond Portfolio	Pooled separate account	N/A	183,326
	Maxim T. Rowe Price Equity Income	Pooled separate account	N/A	159,879
	Maxim Index 600	Pooled separate account	N/A	133,530
	Oppenheimer Global A	Pooled separate account	N/A	133,457
	American Funds Europacific Growth R3	Pooled separate account	N/A	122,736
	Ridgeworth Small Cap Growth Fund I	Pooled separate account	N/A	99,112
	Maxim Conservative Profile II	Pooled separate account	N/A	89,529
	Lord Abbett Value Opportunities A	Pooled separate account	N/A	87,823
	Pimco Total Return Admin	Pooled separate account	N/A	81,896
	Ridgeworth Mid Cap Value Equity A	Pooled separate account	N/A	73,308
	MFS International Value R2	Pooled separate account	N/A	55,511
	Marsico Focus	Pooled separate account	N/A	44,598
	Maxim US Government Mort Sec	Pooled separate account	N/A	20,238
	Invesco Van Kampen Comstock - R	Pooled separate account	N/A	20,152
	Columbia Diversified Equity Income A	Pooled separate account	N/A	18,572
	Fidelity Advisor Leveraged Co STK - T	Pooled separate account	N/A	14,901
	Davis NY Venture R	Pooled separate account	N/A	13,766
	Putnam Int'l Capital Opportunities R	Pooled separate account	N/A	6,643
	Nuveen Small Cap Select A	Pooled separate account	N/A	1,282
	Royce Total Return K	Pooled separate account	N/A	953
	Maxim International Index Portfolio	Pooled separate account	N/A	11
	Maxim S&P Midcap 400(R) Portfolio	Pooled separate account	N/A	<u>5</u>
	Total investments			4,720,650
*	Notes receivable from participants	Interest rates 4.25% - 8.75%	N/A	<u>93,499</u>
	Total assets held for investment purposes			<u>\$ 4,814,149</u>

* - Represents party-in-interest to the Plan.

N/A - Cost information has not been included in column (d) because all investments are participant-directed.

Note - Above information was obtained or derived from information supplied to the Plan and certified as complete and accurate by Great-West Life & Annuity Insurance Company.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan
Schedule H, Line 4j - Schedule of Reportable Transactions

December 31, 2011

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
<u>Identity of party involved</u>	<u>Description of asset</u>	<u>Purchase price</u>	<u>Selling price</u>	<u>Lease rental</u>	<u>Expense incur</u>	<u>Cost of asset</u>	<u>Current value of</u>	<u>Net gain or (loss)</u>
Category (i) series of single transactions greater than 5%								
Maxim Moderate Profile II	Mutual Fund	\$ -	\$ 262,657	N/A	\$ -	\$ 190,986	\$ 262,657	\$ 71,671
Maxim American Century Growth Portfolio Purchase	Mutual Fund	\$ 268,836	\$ -	N/A	\$ -	\$ 268,836	\$ 268,836	\$ -
Oppenheimer Capital Appreciation A	Mutual Fund	\$ -	\$ 268,836	N/A	\$ -	\$ 254,776	\$ 268,836	\$ 14,060
Guaranteed Portfolio Fund	Guaranteed Interest Account	\$ 262,674	\$ -	N/A	\$ -	\$ 262,674	\$ 262,674	\$ -
Maxim Bond Index	Mutual Fund	\$ 246,689	\$ -	N/A	\$ -	\$ 246,689	\$ 246,689	\$ -
Maxim Loomis Sayles Bond Portfolio	Mutual Fund	\$ -	\$ 246,689	N/A	\$ -	\$ 190,115	\$ 246,689	\$ 56,574

The Redwoods Group, Inc. 401(k) Profit Sharing Plan
Financial Statements and Supplemental Schedules

*Years ended December 31, 2011 and 2010
with Report of Independent Auditors*

The Redwoods Group, Inc. 401(k) Profit Sharing Plan
Financial Statements and Supplemental Schedules

Years ended December 31, 2011 and 2010

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Report of Independent Auditors

Trustees

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

We were engaged to audit the accompanying statements of net assets available for benefits of The Redwoods Group, Inc. 401(k) Profit Sharing Plan (the Plan) as of December 31, 2011 and 2010, 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 at December 31, 2011 and schedule of reportable transactions for the year ended December 31, 2011. These financial statements and supplemental 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, as amended, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information described in Note D, which was certified by Great-West Life & Annuity Insurance Company, the custodian for the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the Plan sponsor that the custodian holds the Plan's investment assets and executes investment transactions. The Plan sponsor has obtained a certification from the custodian as of December 31, 2011 and 2010 and for the years then ended, that the information provided to the Plan sponsor 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 supplemental schedules taken as a whole. The supplemental schedules are presented for the purposes of additional analysis and are not a required part of the financial statements but are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the custodian, has been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended.

A handwritten signature in black ink that reads "Johnson Lambert LLP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
July 30, 2012

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Statements of Net Assets Available for Benefits

	As of December 31,	
	<u>2011</u>	<u>2010</u>
Assets:		
Pooled separate account investments	\$ 3,602,983	\$ 4,495,768
Guaranteed portfolio fund	1,117,667	338,448
Notes receivable from participants	<u>93,499</u>	<u>53,094</u>
Net assets available for benefits	<u>\$ 4,814,149</u>	<u>\$ 4,887,310</u>

See accompanying notes to the financial statements.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Statements of Changes in Net Assets Available for Benefits

	Year ended December 31,	
	<u>2011</u>	<u>2010</u>
Changes to net assets attributed to:		
Contributions:		
Participants	\$ 298,431	\$ 324,994
Participant rollovers	44,865	7,115
Employer	<u>229,628</u>	<u>248,322</u>
Total contributions	<u>572,924</u>	<u>580,431</u>
Investment and other income:		
Net realized and unrealized change in fair value of plan investments	(59,592)	515,127
Interest on guaranteed portfolio fund	13,789	7,499
Interest on participant loans	3,795	2,841
Other income	<u>2,406</u>	<u>3,109</u>
Total investment and other income	<u>(39,602)</u>	<u>528,576</u>
Total contributions and investment income	<u>533,322</u>	<u>1,109,007</u>
Deductions from net assets:		
Benefit payments	605,533	211,598
Loan administrative expenses	<u>950</u>	<u>1,392</u>
Total deductions from net assets	<u>606,483</u>	<u>212,990</u>
Net change in net assets available for benefits	(73,161)	896,017
Net assets available for benefits, beginning of year	<u>4,887,310</u>	<u>3,991,293</u>
Net assets available for benefits, end of year	<u>\$ 4,814,149</u>	<u>\$ 4,887,310</u>

See accompanying notes to the financial statements.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements

Years ended December 31, 2011 and 2010

Note A - Description of Plan

The following description of The Redwoods Group, Inc. 401(k) Profit Sharing Plan (the Plan) provides only general information. Participants should refer to the summary plan description for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all eligible employees of The Redwoods Group, Inc. (the Sponsor or Plan Administrator). The Sponsor is a managing underwriter of property, casualty, liability and workers' compensation insurance coverage provided by insurance carriers for the Company's programs for Young Men's Christian Associations, camps, and Jewish Organizations throughout the United States. Employees of the Sponsor, who have attained age 21, are eligible to begin participating in the Plan on the first day of the month coinciding with or following their employment date. The Plan permits eligible employees to make pre-tax deferrals to the Plan. The Plan was established on January 1, 2002, and is subject to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Great-West Life & Annuity Insurance Company (Great-West) is the Plan's custodian. Pursuant to an agreement, Qualified Retirement Plan Services, Inc. provides specified regulatory compliance and administrative services to the Plan.

Contributions

Plan participants may contribute a portion of their compensation each Plan year, subject to certain limitations established by law. The Plan provides for matching contributions equal to 100% of employee salary deferrals that do not exceed 6% of compensation. In addition to the employees' salary deferrals and rollovers, the Sponsor may make the following discretionary contributions to the Plan: 1) matching contributions, 2) profit sharing contributions, 3) qualified non-elective contributions ("QNEC"). When the Plan sponsor elects to make profit sharing and QNEC contributions, amounts are allocated to each participant in proportion to the participant's compensation as compared to the total compensation of all participants eligible to share. The sponsor made no profit sharing or QNEC contributions in 2011 or 2010.

Investment of Assets

Participants direct their contributions and the Sponsor's contributions to one or more investment options provided by the Plan. Participant accounts are segregated for the purpose of determining gains and losses on the investments.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note A - Description of Plan (continued)

Vesting

Participants are 100% vested in their own salary deferrals, rollovers and QNECs. A participant becomes fully vested in the Sponsor's matching and other discretionary profit sharing contributions after 3 years of service. The cumulative vesting schedule is 33.3% after one year, 66.7% after two years and 100% after three years of service. Forfeitures of non-vested participant accounts are used to reduce the Sponsor's contributions. During the years ended December 31, 2011 and 2010, \$1,500 and \$5,211, respectively, of forfeited non-vested accounts were used to reduce the Sponsor's contributions. At December 31, 2011 and 2010, there were \$1,518 and \$0, respectively previously forfeited amounts are available to offset future contributions.

Payment of benefits

Vested balances are available for distribution to participants upon death, disability, termination of employment or attainment of age 59½. Additionally, hardship withdrawals are permitted by the Plan, provided certain conditions are met. At December 31, 2011 and 2010, no benefit distributions had been requested by Plan participants but not yet paid.

Notes receivables from participants

Plan participants are allowed to borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of the participant's vested account balance. Loan repayment terms for general purpose loans may not exceed five years and loan repayment terms for principal residence loans may not exceed fifteen years. A participant can have no more than two loans outstanding from the Plan at any time. The loans are secured by the balance in the participant's account and bear interest at a reasonable rate of interest charged for similar types of loans by other lenders. Principal and interest payments are withheld from participant wages through semi-monthly after-tax payroll deductions.

Plan termination

Although it has not expressed any intent to do so, the Sponsor has the right under the plan agreement to terminate the Plan subject to the provisions of ERISA. Upon termination, all amounts credited to participant accounts become 100% vested.

Note B - Significant Accounting Principles

Basis of accounting and use of estimates

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions which affect the reported amounts of net assets available for benefits at the date of the financial statements, disclosures of contingent assets and liabilities and the reported changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note B - Significant Accounting Principles (continued)

Investment valuation and income recognition

In accordance with GAAP, investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. GAAP requires the statement of net assets available for benefits to present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is to be prepared on a contract value basis. The Great-West guaranteed portfolio fund is a fully benefit-responsive contract and as of December 31, 2011 and 2010, fair value equaled contract value since the investment contract does not have a fair value adjustment upon discontinuance. Therefore, no adjustment from fair value to contract value is necessary.

In certain circumstances, the amount withdrawn from the fully benefit-responsive investment contract would be payable at a value other than contract value. These circumstances may include plan terminations and contract terminations.

In certain circumstances the issuer could terminate the contract and settle at amounts different than contract value. These circumstances may include, the trustee adopts an amendment to the Plan or operates the Plan in a manner which is unacceptable to the issuer; the trustee fails to comply with any provision contained in the group annuity contract; the Plan fails to qualify or becomes disqualified under Internal Revenue Code Section 401(a), as amended; the total amount of deposits received by the issuer in the preceding twelve months is less than \$25,000; the sum of all participant annuity account values falls below \$25,000; the group contract holder fails to make deposits which have been deducted from participants' paychecks within 30 days following the end of the month in which such deduction was made; transfers to investment vehicles outside the group annuity contract exceed the limitations provided under Section 64(D); the issuer may terminate the group annuity contract if the employer ceases doing business; this group annuity contract shall terminate if there are no remaining participant annuity accounts.

Current accounting guidance establishes a three-level hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1), the next priority to quoted prices for identical assets in inactive markets or similar assets in active markets (Level 2) and the lowest priority to unobservable inputs (Level 3).

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.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note B - Significant Accounting Principles (continued)

Investment valuation and income recognition (continued)

The Plan's investments are stated at fair value. Investments in pooled separate accounts (PSAs) are stated at estimated fair value, which have been determined based on the unit values of each PSA. Unit values are determined by Great-West by dividing the PSA net assets at fair value on the valuation date by the units outstanding at each valuation date, and are deemed to be Level 2 investments under GAAP. The Great-West guaranteed portfolio fund is similar in concept to a bank certificate of deposit with a guaranteed interest rate determined quarterly by Great-West.

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

Subsequent Events

The Plan evaluated subsequent events through July 30, 2012, the date on which these financial statements were available to be issued, and considered any relevant matters in the preparation of the financial statements.

Note C - Income Tax Status

The Plan is a prototype plan for which the IRS has issued a determination letter as to the acceptability of the Plan's form under the Internal Revenue Code (IRC). The Plan is relying on that determination and has not applied for a separate determination letter. Accordingly, no provision for income taxes has been included in the Plan's financial statements. Although the Plan has been amended since its formation, the Plan administrator believes the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

The Plan Administrator analyzed the tax positions taken by the Plan and concluded that as of December 31, 2011, no uncertain positions were taken or expected to be taken that would require recognition of a liability or disclosure of the financial statements. No tax planning strategies were used in 2011 and 2010. Tax years 2009 through 2011 are subject to examination by the IRS.

Note D - Information Certified by Plan Custodian

In accordance with Section 2520.203-8 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 received certification from Great-West as to the accuracy and completeness of investment and notes receivable from participants information presented in the accompanying statements of net assets available for benefits as of December 31, 2011 and 2010, statements of changes in net assets available for benefits for the years then ended, and the schedule of assets held for investment purposes at December 31, 2011 and the schedule of reportable transactions for the year ended December 31, 2011.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments

With the exception of the guaranteed portfolio fund, a PSA is established for each investment option available to the Plan comprised only of publicly traded shares of the underlying mutual fund. The PSAs are held separate and apart from the general assets of Great-West and are exclusively for the benefit of Plan participants and beneficiaries. The value of each PSA is directly related to the quoted share price of each mutual fund. No liquidity or redemption restrictions exist on participant balances invested in PSAs.

The Great-West guaranteed portfolio fund is a fully benefit-responsive investment contract. Funds are invested in a commingled fashion with investments in Great-West's general account. The average yield earned for the Great-West guaranteed portfolio fund for the years ended December 31, 2011 and 2010 were 2.03% and 2.43%, respectively. The average yield earned with any applicable adjustment to reflect the actual interest rate credited to plan participants was 2.03% and 2.43% for the years ended December 31, 2011 and 2010, respectively. Crediting interest rates are determined by Great-West on a quarterly basis. Key factors that could influence future crediting rates are changes to market interest rates, changes in the market value of securities, changes in the duration of weighted average life of securities and deposits or withdrawals of investment contracts.

The fair values of individual investments that represent 5% or more of the Plan's total net assets available for benefits at December 31, are as follows:

	2011	2010
Pooled separate accounts		
Maxim Bond Index	\$ 536,197	\$ *
Maxim Moderate Profile II	531,773	765,060
Maxim American Century Growth Portfolio	288,412	*
Maxim Aggressive Profile II	277,294	332,760
American Funds Euro Pacific Growth R3	*	368,253
Maxim Loomis Sayles Bond Portfolio	*	353,029
Maxim S&P 500 Index	*	294,676
Maxim T. Rowe Price Mid-Cap Growth	*	270,046
Oppenheimer Capital Appreciation A	*	268,072
American Funds Growth Fund of America R3	*	267,800
Guaranteed Portfolio Fund	1,117,667	338,448

* Value less than 5% of net assets available for benefits

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

The major components of net realized and unrealized change in fair value of Plan investments, and interest on investments, during the year ended December 31, 2011 and 2010 were as follows:

<u>Year ended December 31, 2011:</u>	<u>Pooled separate</u> <u>accounts</u>	<u>Guaranteed</u> <u>portfolio fund</u>	<u>Total</u>
Net realized and unrealized change in fair value of plan investments	\$ (59,592)	\$ -	\$ (59,592)
Interest on investments	-	13,789	13,789
Total	<u>\$ (59,592)</u>	<u>\$ 13,789</u>	<u>\$ (45,803)</u>

<u>Year ended December 31, 2010:</u>	<u>Pooled separate</u> <u>accounts</u>	<u>Guaranteed</u> <u>portfolio fund</u>	<u>Total</u>
Net realized and unrealized change in fair value of plan investments	\$ 515,127	\$ -	\$ 515,127
Interest on investments	-	7,499	7,499
Total	<u>\$ 515,127</u>	<u>\$ 7,499</u>	<u>\$ 522,626</u>

The following table shows how the Plan's investments are categorized in accordance with the fair value hierarchy as of December 31, 2011 and 2010.

	<u>Assets at Fair Value as of December 31, 2011</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pooled separate accounts				
Large cap funds	\$ -	\$ 946,643	\$ -	\$ 946,643
Asset allocation	-	898,595	-	898,595
Bond funds	-	821,657	-	821,657
Mid cap funds	-	382,853	-	382,853
International funds	-	318,358	-	318,358
Small cap funds	-	234,877	-	234,877
Guaranteed portfolio fund	-	-	1,117,667	1,117,667
	<u>\$ -</u>	<u>\$ 3,602,983</u>	<u>\$ 1,117,667</u>	<u>\$ 4,720,650</u>

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

	Assets at Fair Value as of December 31, 2010			
	Level 1	Level 2	Level 3	Total
Pooled separate accounts				
Large cap funds	\$ -	\$ 1,136,627	\$ -	\$ 1,136,627
Asset allocation	-	1,224,074	-	1,224,074
Bond funds	-	725,072	-	725,072
Mid cap funds	-	518,996	-	518,996
International funds	-	667,220	-	667,220
Small cap funds	-	223,779	-	223,779
Guaranteed portfolio fund	-	-	338,448	338,448
	<u>\$ -</u>	<u>\$ 4,495,768</u>	<u>\$ 338,448</u>	<u>\$ 4,834,216</u>

Below is a reconciliation of activity for the Level 3 investments during the years ended December 31, 2011 and 2010.

Guaranteed portfolio fund:

Balance, January 1, 2010	\$ 268,294
Contributions	70,330
Transfers in	43,164
Interest	7,499
Transfers out	(40,664)
Fees/withdrawals	<u>(10,175)</u>
Balance, December 31, 2010	338,448
Contributions	76,337
Transfers in	795,006
Interest	13,789
Transfers out	(71,885)
Fees/withdrawals	<u>(34,028)</u>
Balance, December 31, 2011	<u>\$ 1,117,667</u>

Pooled Separate Accounts

The investment strategies of the pooled separate accounts at December 31, 2011 and 2010 are summarized below. At December 31, 2011 and 2010, no unfunded commitments exist for the pooled separate accounts and the redemption frequency was daily with no notice required for redemption.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

American Funds Europacific Growth R3

The investment seeks to provide long-term growth of capital. The fund invests primarily in common stocks of issuers in Europe and the Pacific Basin that the investment adviser believes have the potential for growth. Growth stocks are stocks that the investment adviser believes have the potential for above-average capital appreciation. It normally invests at least 80% of net assets in securities of issuers in Europe and the Pacific Basin. The fund may invest a portion of its assets in common stocks and other securities of companies in countries with developing economies and/or markets.

American Funds Growth Fund of Amer R3

The investment seeks capital growth. The fund invests primarily in common stocks and seeks to invest in companies that appear to offer superior opportunities for growth of capital. It may invest a portion of its assets in securities of issuers domiciled outside the U.S. The investment advisor uses a system of multiple portfolio counselors in managing the fund's assets.

Columbia Diversified Equity Income A

The investment seeks a high level of current income with a secondary consideration of steady growth of capital. The fund invests at least 80% of its net assets (including the amount of any borrowings for investment purposes) in dividend-paying common and preferred stocks. It may invest up to 25% of its net assets in foreign investments. The fund can invest in any economic sector and, at times, it may emphasize one or more particular sectors.

Columbia Diversified Equity Income R3

The investment seeks a high level of current income with a secondary consideration of steady growth of capital. The fund normally invests at least 80% of assets in dividend-paying common and preferred stocks. It may invest up to 25% of assets in foreign investments. The fund may invest in any economic sector and may emphasize one or more particular sectors.

Columbia Mid Cap Value R

The investment seeks to provide long-term growth of capital. The fund normally invests at least 80% of net assets in equity securities of companies that have market capitalizations in the range of the companies in the Russell Midcap Value Index at the time of purchase, that the Advisor believes are undervalued and that have the potential for long-term growth. It may invest up to 20% of total assets in foreign securities. The fund also may invest in real estate investment trusts.

Davis NY Venture R

The investment seeks long-term growth of capital. The fund uses the Davis Investment Discipline to invest the majority of the fund's assets in equity securities (typically common stocks, but may also include preferred stocks, convertible bonds, and other forms of equity securities) issued by large companies with market capitalizations of at least \$10 billion. It may invest in foreign securities.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

Fidelity Advisor Leveraged Co Stk - T

The investment seeks capital appreciation. The fund normally invests at least 80% of assets in stocks. It normally invests primarily in common stocks of leveraged companies (companies that issue lower-quality debt and other companies with leveraged capital structures). The fund may also invest in lower-quality debt securities. It may invest in domestic and foreign issuers. The fund invests in either growth stocks or value stocks or both.

Invesco Van Kampen Comstock - R

The investment seeks capital growth and income. The fund primarily invests at least 80% of assets in common stocks. It invests in a portfolio of equity securities, consisting principally of common stocks, preferred stocks and securities convertible into common and preferred stocks. It emphasizes a value style of investing seeking well-established, under-valued companies that have the potential for capital growth and income. The fund may invest up to 25% of total assets in foreign securities. It may invest up to 10% of total assets in real estate investment trusts.

Lord Abbett Value Opportunities A

The investment seeks long-term capital appreciation. The fund normally invests at least 65% of net assets in equity securities of small and mid-sized companies. The remainder of the fund's assets may be invested in companies of any size. It may change this policy at any time. The fund attempts to invest in companies the investment team believes have been undervalued by the market and are selling at reasonable prices. It may invest in U.S. and foreign (which may include emerging market) companies. Foreign companies may be traded on U.S. or non-U.S. securities exchanges and may include American Depositary Receipts (ADRs).

Marsico Focus

The investment seeks long-term growth of capital. The fund invests primarily in the common stocks of large companies that are selected for long-term growth potential. It normally holds a core position of between 20 and 30 common stocks. The fund may invest without limitation in foreign securities. These securities may be traded in the U.S. or in foreign markets or both, and may be economically tied to emerging markets. It is non-diversified.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

Maxim Aggressive Profile II

The investment seeks long-term capital appreciation primarily through investments in underlying portfolios that emphasize equity investments. The fund usually invests in underlying equity funds according to the following asset allocation ranges: 10% to 40% of assets in large cap funds, 10% to 40% of assets in international funds, 15% to 45% of assets in mid cap funds, and 5% to 35% of assets in small cap funds, and 0% to 10% in bonds and 0% to 10% in short term bonds. It may also invest in GWL&A Contract. The fund is non-diversified.

Maxim American Century Growth Portfolio

The investment seeks long-term capital growth. The fund normally invests in stocks of companies which may increase in value over time. It invests primarily on their analysis of individual companies, rather than on broad economic forecasts. The fund invests the assets primarily in U.S. securities, while it may also invest in securities of foreign companies, including companies located in emerging markets, and in foreign securities issued in the form of (ADRs). It uses a variety of analytical research tools and techniques to identify the stocks of larger-sized companies that meet their investment criteria.

Maxim Bond Index

The investment seeks investment results that track the debt securities that comprise the Barclays Capital U.S. Aggregate Bond Index. The fund normally invests at least 80% of net assets in securities included in the Benchmark Index and, using sampling techniques, a portfolio of securities designed to give the Portfolio the relevant comparable attributes of the Benchmark Index. This may be accomplished through a combination of fixed income securities ownership and owning futures contracts on the Benchmark Index and options on futures contracts.

Maxim Conservative Profile II

The investment seeks capital preservation primarily through investments in underlying portfolios that emphasize fixed income investments. The fund usually invests assets in underlying funds according to the following asset allocation ranges: 10% to 40% of assets in large cap funds, 0% to 15% of assets in international funds, 0% to 15% of assets in mid cap funds, 0% to 15% of assets in small cap funds, and 30% to 50% of assets in bonds and 25% to 45% of assets in short term bonds. It may also invest in the GWL&A Contract. The fund is non-diversified.

Maxim Index 600

The investment seeks investment results that track the total return of the common stocks that compromise the S&P SmallCap(R) 600 Index. The fund invests 80% of net assets in common stocks of its benchmark index. It may also invest in a combination of stock ownership and owning futures contracts on the relevant index and options on futures contracts, and Exchange Traded Funds (ETFs) that seek to track the relevant index.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

Maxim International Index Portfolio

The investment seeks to track the total return of the common stocks that comprise the MSCI EAFE Index. The fund normally invests at least 80% of its net assets in common stocks of the MSCI EAFE Index or in derivative securities economically related to the benchmark index. It normally seeks investment results, before fees and expenses that track the total return of the common stocks that comprise the benchmark index. The fund does not necessarily invest in all of the stocks in the benchmark index, or in the same weightings as the stocks have in the benchmark index.

Maxim Loomis Sayles Bond Portfolio

The investment seeks high total investment return through a combination of current income and capital appreciation. The fund normally invests at least 80% of its net assets in fixed income securities. It normally focuses on good relative value based on the credit outlook of the issuer, good structural fit within the objectives and constraints of the Portfolio, and maximum total return potential. The fund may invest up to 20% in preferred stock and convertible preferred stock. It may invest up to 20% of its total assets in foreign securities. The fund may also invest up to 35% of its total assets in securities of below investment grade quality bonds.

Maxim Moderate Profile II

The investment seeks long-term capital appreciation primarily through investments in underlying portfolios with a relatively equal emphasis on equity and fixed income investments. The fund usually invests assets in underlying funds according to the following asset allocation ranges: 0% to 30% of assets in international funds, 0% to 25% of assets in small cap funds, 0% to 30% of assets in mid cap funds, 15% to 45% in large cap funds and 5% to 25% in bonds and 5% to 25% in short term bonds. It may also invest in the GWL&A Contract. The fund is non-diversified.

Maxim S & P 500 Index

The investment seeks investment results that track the total return of the common stocks that comprise the S&P 500(R) Index. The fund invests at least 80% of net assets (plus the amount of any borrowings for investment purposes) in common stocks included in its benchmark index. It will seek investment results that track the total return of the common stocks that comprise the benchmark index by owning the securities contained in the benchmark index in as close as possible a proportion of the portfolio as each stock's weight in the benchmark index.

Maxim S & P Midcap 400(R) Index

The investment seeks investment results, before fees and expenses, which track the total return of the common stocks that comprise the S&P MidCap 400(R) Index. The fund normally invests at least 80% of its net assets (plus the amount of any borrowings for investment purposes) in common stocks included in the S&P MidCap 400(R) Index (the "benchmark index"). The S&P MidCap 400(R) Index is comprised of 400 stocks representing companies in the middle tier of U.S. stock market capitalization.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

Maxim T. Rowe Price Equity Income

The investment seeks substantial dividend income and also long term capital appreciation. The fund normally invests at least 80% of net assets in common stocks, with 65% in the common stocks of well-established companies paying above-average dividends. It normally emphasizes companies that appear to be undervalued by various measures with favorable prospects for increasing dividend income and capital appreciation. The fund may invest up to 25% of its total assets in foreign securities.

Maxim T. Rowe Price Mid Cap Growth

The investment seeks long-term capital appreciation. The fund normally invests at least 80% of net assets in the securities of issuers whose market capitalization falls within the range of companies included in either the S&P MidCap 400(R) Index or the Russell MidCap(R) Growth Index at the time of purchase. It may invest up to 25% of total assets in foreign securities and may also invest in fixed income securities without regard to quality, maturity, or rating, including up to 10% of its total assets in non-investment grade fixed income securities.

Maxim US Government Mort Sec

The investment seeks the highest level of return consistent with preservation of capital and substantial credit protection. The fund normally invests at least 80% of net assets in mortgage related securities that have been issued or guaranteed by the U.S. government or its agencies or instrumentalities. It normally invests in private mortgage passthrough securities and collateralized mortgage obligations. The fund may invest in commercial mortgagebacked securities, asset-backed securities, and investment grade corporate bonds.

MFS International Value R2

The investment seeks capital appreciation. The fund normally invests assets primarily in foreign equity securities, including emerging-market equity securities. It may invest a relatively high percentage of the fund's assets in a single country, a small number of countries, or a particular geographic region. The fund focuses on investing assets in the stocks of companies that it believes are undervalued compared to their perceived worth.

Nuveen Small Cap Select A

The investment seeks capital appreciation. The fund invests at least 80% of net assets, plus the amount of any borrowings for investment purposes, in common stocks of small-capitalization companies, defined as companies that have market capitalizations of less than \$3 billion at the time of purchase. It may frequently invest in companies at the time of their initial public offering. The fund may invest up to 15% of its total assets in non-dollar denominated equity securities of non-U.S. issuers. Up to 15% of the fund's total assets may be invested in equity securities of emerging market issuers.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

Oppenheimer Capital Appreciation A

The investment seeks capital appreciation. The fund mainly invests in common stocks of growth companies whose earnings and stock prices are expected to increase at a faster rate than the overall market. These may be newer companies or established companies of any capitalization range that the portfolio manager believes may appreciate in value over the long term. It also invests in securities of U.S. issuers, but may also invest in foreign securities.

Oppenheimer Global A

The investment seeks capital appreciation. The fund invests mainly in common stock of U.S. and foreign companies. It can invest without limit in foreign securities and can invest in any country, including countries with developing or emerging markets. However, the fund currently emphasizes its investments in developed markets such as the United States, Western European countries and Japan. It does not limit its investments to companies in a particular capitalization range, but primarily invests in mid and large cap companies. The fund normally will invest in at least three countries (one of which may be the United States).

Pimco Total Return Admin

The investment seeks maximum total return, consistent with preservation of capital and prudent investment management. The fund normally invests at least 65% of its total assets in a diversified portfolio of Fixed Income Instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts, or swap agreements. It invests primarily in investment grade debt securities, but may invest up to 10% of total assets in high-yield securities (junk bonds). The fund may invest up to 15% of its total assets in securities and instruments that are economically tied to emerging market countries.

Putnam International Capital Opportunities R

The investment seeks long-term capital appreciation. The fund invests mainly in common stocks (growth or value stocks or both) of small and midsize companies outside the United States that the advisor believes have favorable investment potential. It invests mainly in developed countries, but may invest in emerging markets. The fund may also use derivatives, such as futures, options, certain foreign currency transactions, warrants and swap contracts, for both hedging and non-hedging purposes.

Ridgeworth Mid Cap Value Equity A

The investment seeks capital appreciation; current income is secondary. The fund invests at least 80% of net assets (plus any borrowings for investment purposes) in U.S. traded equity securities of mid cap companies. U.S. traded equity securities may include American Depositary Receipts ("ADRs"). It targets companies with market capitalizations similar to those of companies in the Russell Midcap(R) Value Index.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan

Notes to Financial Statements (Continued)

Note E - Investments (continued)

Pooled Separate Accounts (continued)

Ridegworth Small Cap Growth Fund I

The investment seeks to provide long-term capital appreciation. The fund invests at least 80% of net assets (plus any borrowings for investment purposes) in U.S. traded equity securities of small cap companies. U.S. traded equity securities may include American Depositary Receipts ("ADRs"). The Sub-advisor considers small cap companies to be companies with market capitalizations similar to those of companies in the Russell 2000(R) Growth Index.

Royce Total Return K

The investment seeks long-term growth of capital and current income. The fund invests primarily in dividend-paying securities of small cap and micro cap companies that the advisor believes are trading significantly below its estimate of their current worth, basing this assessment chiefly on balance sheet quality and cash flow levels. It invests at least 65% of its net assets in equity securities. At least 90% of these securities will produce dividend or interest income to the fund, and at least 65% will be issued by companies with stock market capitalizations up to \$2.5 billion at the time of investment.

Note F - Transactions with Parties - In - Interest

Plan investments include units of participation in pooled separate accounts and a guaranteed portfolio fund managed by Great-West. As discussed in Note A, Great-West is the custodian for the Plan and, therefore, these transactions qualify as party-in-interest transactions.

Certain administrative functions related to the Plan are performed by employees of the Sponsor. Neither the Sponsor nor the employees receive compensation from the Plan for these services. Additionally, certain expenses of the Plan; primarily audit, record-keeping, administrative and regulatory compliance fees, are paid directly by the Sponsor.

Note G - Risks and Uncertainties

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

The Redwoods Group, Inc. 401(k) Profit Sharing Plan
Schedule H, Line 4i - Schedule of Assets Held for Investment Purposes at End of Year
(EIN: 56-2087089)
(PN: 001)

December 31, 2011

(a)	(b)	(c)	(d)	(e)
*	Identity of issuer, borrower, lessor, or similar party	Description of investment	Cost	Current Value
	Great-West Life & Annuity Insurance Company			
	Guaranteed Portfolio Fund	Guaranteed interest account	N/A	\$ 1,117,667
	Maxim Bond Index	Pooled separate account	N/A	536,194
	Maxim Moderate Profile II	Pooled separate account	N/A	531,773
	Maxim American Century Growth Profile	Pooled separate account	N/A	288,412
	Maxim Aggressive Profile II	Pooled separate account	N/A	277,294
	Maxim S&P 500 Index	Pooled separate account	N/A	207,810
	Maxim T. Rowe Price Mid-Cap Growth	Pooled separate account	N/A	206,816
	American Funds Growth Fund of America R3	Pooled separate account	N/A	193,456
	Maxim Loomis Sayles Bond Portfolio	Pooled separate account	N/A	183,326
	Maxim T. Rowe Price Equity Income	Pooled separate account	N/A	159,879
	Maxim Index 600	Pooled separate account	N/A	133,530
	Oppenheimer Global A	Pooled separate account	N/A	133,457
	American Funds Europacific Growth R3	Pooled separate account	N/A	122,736
	Ridgeworth Small Cap Growth Fund I	Pooled separate account	N/A	99,112
	Maxim Conservative Profile II	Pooled separate account	N/A	89,529
	Lord Abbett Value Opportunities A	Pooled separate account	N/A	87,823
	Pimco Total Return Admin	Pooled separate account	N/A	81,896
	Ridgeworth Mid Cap Value Equity A	Pooled separate account	N/A	73,308
	MFS International Value R2	Pooled separate account	N/A	55,511
	Marsico Focus	Pooled separate account	N/A	44,598
	Maxim US Government Mort Sec	Pooled separate account	N/A	20,238
	Invesco Van Kampen Comstock - R	Pooled separate account	N/A	20,152
	Columbia Diversified Equity Income A	Pooled separate account	N/A	18,572
	Fidelity Advisor Leveraged Co STK - T	Pooled separate account	N/A	14,901
	Davis NY Venture R	Pooled separate account	N/A	13,766
	Putnam Int'l Capital Opportunities R	Pooled separate account	N/A	6,643
	Nuveen Small Cap Select A	Pooled separate account	N/A	1,282
	Royce Total Return K	Pooled separate account	N/A	953
	Maxim International Index Portfolio	Pooled separate account	N/A	11
	Maxim S&P Midcap 400(R) Portfolio	Pooled separate account	N/A	<u>5</u>
	Total investments			4,720,650
*	Notes receivable from participants	Interest rates 4.25% - 8.75%	N/A	<u>93,499</u>
	Total assets held for investment purposes			<u>\$ 4,814,149</u>

* - Represents party-in-interest to the Plan.

N/A - Cost information has not been included in column (d) because all investments are participant-directed.

Note - Above information was obtained or derived from information supplied to the Plan and certified as complete and accurate by Great-West Life & Annuity Insurance Company.

The Redwoods Group, Inc. 401(k) Profit Sharing Plan
Schedule H, Line 4j - Schedule of Reportable Transactions

December 31, 2011

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
<u>Identity of party involved</u>	<u>Description of asset</u>	<u>Purchase price</u>	<u>Selling price</u>	<u>Lease rental</u>	<u>Expense incur</u>	<u>Cost of asset</u>	<u>Current value of</u>	<u>Net gain or (loss)</u>
Category (i) series of single transactions greater than 5%								
Maxim Moderate Profile II	Mutual Fund	\$ -	\$ 262,657	N/A	\$ -	\$ 190,986	\$ 262,657	\$ 71,671
Maxim American Century Growth Portfolio Purchase	Mutual Fund	\$ 268,836	\$ -	N/A	\$ -	\$ 268,836	\$ 268,836	\$ -
Oppenheimer Capital Appreciation A	Mutual Fund	\$ -	\$ 268,836	N/A	\$ -	\$ 254,776	\$ 268,836	\$ 14,060
Guaranteed Portfolio Fund	Guaranteed Interest Account	\$ 262,674	\$ -	N/A	\$ -	\$ 262,674	\$ 262,674	\$ -
Maxim Bond Index	Mutual Fund	\$ 246,689	\$ -	N/A	\$ -	\$ 246,689	\$ 246,689	\$ -
Maxim Loomis Sayles Bond Portfolio	Mutual Fund	\$ -	\$ 246,689	N/A	\$ -	\$ 190,115	\$ 246,689	\$ 56,574