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 01/01/2011 and ending 12/31/2011

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

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

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

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

Part II Basic Plan Information—enter all requested information

1a Name of plan
KTI INC 401(K) PROFIT SHARING PLAN & TRUST

1b Three-digit plan number (PN) ▶ 004

1c Effective date of plan 05/01/1999

2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan)

KTI INCORPORATED

3009 N LAUREL STREET
RIALTO, CA 92377

2b Employer Identification Number (EIN)
95-3191821

2c Sponsor's telephone number
909-434-1888

2d Business code (see instructions)
327300

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	10/10/2012	RAFAEL DELOERA
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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

3009 N LAUREL STREET
RIALTO, CA 92377

3b Administrator's EIN
95-3191821

3c Administrator's telephone number
909-434-1888

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	328
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**	253
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	0
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	253
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	253
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	12
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	0
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2A 2E 2F 2G 2J 2K 2T 3D 3H

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)	X	Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)	X	Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

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

b General Schedules

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

SCHEDULE A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

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

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
KTI INC 401(K) PROFIT SHARING PLAN & TRUST

B Three-digit plan number (PN) ▶ 004

C Plan sponsor's name as shown on line 2a of Form 5500
KTI INCORPORATED

D Employer Identification Number (EIN)
95-3191821

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.

1 Coverage Information:

(a) Name of insurance carrier
MINNESOTA LIFE INSURANCE CO

(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
41-0417830	66168	66215	253	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
0	0

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	

(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	

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	
5	Current value of plan's interest under this contract in separate accounts at year end	5	1004323

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.	6d	

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity

(3) ☐ other (specify) ▶

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	
c	Additions: (1) Contributions deposited during the year	7c(1)			
	(2) Dividends and credits	7c(2)			
	(3) Interest credited during the year	7c(3)			
	(4) Transferred from separate account	7c(4)			
	(5) Other (specify below)	7c(5)			
	▶				
	(6) Total additions			7c(6)	0
d	Total of balance and additions (add **b** and **c(6)**).			7d	0
e	Deductions:				
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)			
	(2) Administration charge made by carrier	7e(2)			
	(3) Transferred to separate account	7e(3)			
	(4) Other (specify below)	7e(4)			
	▶				
	(5) Total deductions			7e(5)	0
f	Balance at the end of the current year (subtract **e(5)** from **d**)			7f	0

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)**	
(4) Claims charged			**9b(4)**	0
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 D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

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

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
KTI INC 401(K) PROFIT SHARING PLAN & TRUST

B Three-digit plan number (PN) ▶ 004

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
KTI INCORPORATED

D Employer Identification Number (EIN)
95-3191821

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)

a Name of MTIA, CCT, PSA, or 103-12 IE: MONEY MARKET

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

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)
41-0417830-009	P	54795

a Name of MTIA, CCT, PSA, or 103-12 IE: LARGE EQUITY INDEX I

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

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)
41-0117830-011	P	23998

a Name of MTIA, CCT, PSA, or 103-12 IE: SMALL GROWTH EQUITY XII

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

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)
41-0417830-100	P	95172

a Name of MTIA, CCT, PSA, or 103-12 IE: INTERMEDIATE TERM BOND INDEX IA

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

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)
41-0417830-046	P	110404

a Name of MTIA, CCT, PSA, or 103-12 IE: LIFESTRATEGY I

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

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)
41-0417830-026	P	164444

a Name of MTIA, CCT, PSA, or 103-12 IE: LIFESTRATEGY II

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

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)
41-0417830-027	P	14674

a Name of MTIA, CCT, PSA, or 103-12 IE: LIFESTRATEGY III

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

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)
41-0117830-028	P	31337

a Name of MTIA, CCT, PSA, or 103-12 IE: LARGE VALUE EQUITY INDEX I		
b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO		
c EIN-PN 41-0417830-031	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 35494
a Name of MTIA, CCT, PSA, or 103-12 IE: LARGE GROWTH EQUITY INDEX I		
b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO		
c EIN-PN 41-0417830-032	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 8853
a Name of MTIA, CCT, PSA, or 103-12 IE: MID CAP VALUE EQUITY IV		
b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO		
c EIN-PN 41-0417830-122	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 8061
a Name of MTIA, CCT, PSA, or 103-12 IE: LARGE VALUE EQUITY VII		
b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO		
c EIN-PN 41-0417830-055	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 98352
a Name of MTIA, CCT, PSA, or 103-12 IE: MID CAP GROWTH EQUITY I		
b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO		
c EIN-PN 41-0417830-059	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 20228
a Name of MTIA, CCT, PSA, or 103-12 IE: SMALL EQUITY III		
b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO		
c EIN-PN 41-0417830-077	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 19670
a Name of MTIA, CCT, PSA, or 103-12 IE: INTERNATIONAL CORE I		
b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO		
c EIN-PN 41-0417830-079	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 83136
a Name of MTIA, CCT, PSA, or 103-12 IE: LARGE EQUITY VII		
b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO		
c EIN-PN 41-0417830-096	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 27512
a Name of MTIA, CCT, PSA, or 103-12 IE: LARGE GROWTH EQUITY X		
b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO		
c EIN-PN 41-0417830-121	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 105450
a Name of MTIA, CCT, PSA, or 103-12 IE: REAL ESTATE		
b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO		
c EIN-PN 41-0417830-036	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 45430

a Name of MTIA, CCT, PSA, or 103-12 IE: SMALL VALUE EQUITY IX

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0417830-097	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 23961

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
KTI INC 401(K) PROFIT SHARING PLAN & TRUST

B Three-digit plan number (PN) ▶ 004

C Plan sponsor's name as shown on line 2a of Form 5500
KTI INCORPORATED

D Employer Identification Number (EIN)
95-3191821

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	0	
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	0
(2) Participant contributions	1b(2)	0	0
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	0	0
(2) U.S. Government securities	1c(2)	0	
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	
(B) All other	1c(3)(B)	0	
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	
(B) Common	1c(4)(B)	0	
(5) Partnership/joint venture interests	1c(5)	0	
(6) Real estate (other than employer real property)	1c(6)	0	
(7) Loans (other than to participants)	1c(7)	0	
(8) Participant loans	1c(8)	32000	33352
(9) Value of interest in common/collective trusts	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)	896975	970971
(11) Value of interest in master trust investment accounts	1c(11)	0	0
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	0	2406
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)	0	0

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)	0	
(2) Employer real property	1d(2)	0	
e Buildings and other property used in plan operation	1e	0	
f Total assets (add all amounts in lines 1a through 1e)	1f	928975	1006729
Liabilities			
g Benefit claims payable	1g	0	
h Operating payables	1h	0	
i Acquisition indebtedness	1i	0	
j Other liabilities	1j	0	
k Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	928975	1006729

Part II Income and Expense Statement

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

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	0	
(B) Participants	2a(1)(B)	108483	
(C) Others (including rollovers)	2a(1)(C)	0	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		108483
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)	0	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		0
(2) Dividends: **(A)** Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(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)		0
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(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)	0	
(B) Other	2b(5)(B)	0	
(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)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		-22797
c Other income	2c		0
d Total income. Add all **income** amounts in column (b) and enter total	2d		85686
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	5862	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		5862
f Corrective distributions (see instructions)	2f		1970
g Certain deemed distributions of participant loans (see instructions)	2g		0
h Interest expense	2h		0
i Administrative expenses: **(1)** Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	0	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other	2i(4)	100	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		100
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		7932
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		77754
l Transfers of assets:			
(1) To this plan	2l(1)		0
(2) From this plan	2l(2)		0

Part III Accountant's Opinion

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

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

(1) [ ] Unqualified **(2)** [ ] Qualified **(3)** [X] Disclaimer **(4)** [ ] Adverse

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

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

(1) Name: BARTELT, JAYNES, VAN PELT, A.P.A.C. **(2)** EIN: 33-0490888

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

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

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		125000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m	X		
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n	X		

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ **Yes** ☒ **No**

If "Yes," enter the amount of any plan assets that reverted to the employer this year **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.

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

A Name of plan
KTI INC 401(K) PROFIT SHARING PLAN & TRUST

B Three-digit plan number (PN) ▶ 004

C Plan sponsor's name as shown on line 2a of Form 5500
KTI INCORPORATED

D Employer Identification Number (EIN)
95-3191821

Part I Distributions

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

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

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

EIN(s): 41-0417830

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

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

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

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

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

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

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

6 a Enter the minimum required contribution for this plan year (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**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 a Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

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):

KTI, INC.
401(K) RETIREMENT PLAN

Financial Statements and Schedule
December 31, 2011

KTI, INC. 401(K) RETIREMENT PLAN

Financial Statements and Schedule
December 31, 2011

Table of Contents

Independent Auditors' Report

Statements of Net Assets Available for Benefits –
December 31, 2011 and 2010

Statement of Changes in Net Assets Available for Benefits
For The Year Ended December 31, 2011

Notes to Financial Statements

Schedule of Assets Held for
Investment Purposes - December 31, 2011

Other schedules are omitted because they are not applicable or not required by the Employee Retirement Income Security Act of 1974 or regulations issued by the Department of Labor.

BARTELT, JAYNES & VAN PELT
A PROFESSIONAL ACCOUNTANCY CORPORATION

INDEPENDENT AUDITORS' REPORT

To the Administrative Committee of
KTI, Inc. 401 (K) Plan
Rialto, California

We were engaged to audit the accompanying statements of net assets available for benefits of KTI, Inc. 401(k) Plan (the "Plan") as of December 31, 2011 and 2010, the related statement of changes in net assets available for benefits for the year ended December 31, 2011 and the supplemental schedule of assets held for investment purposes as of and for the year ended December 31, 2011. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note D, which was certified by Minnesota Life Insurance Company, the custodian of the Plan, except for comparing the information with the related information included in the financial statements and schedule. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the custodian as of and for the years ended December 31, 2011 and 2010, that the information provided to the Plan's administrator by the custodian is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and schedule taken as a whole. The supplemental schedule is presented for the purpose of additional analysis and is not a required part of the financial statements but is 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 schedule, other than that derived from the information certified by the custodian, have 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.

Bartelt, Jaynes & Van Pelt
Certified Public Accountants
Newport Beach, California

October 8, 2012

KTI, Inc. 401(k) Plan
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2011 and 2010

ASSETS	2011	2010
Investments (Note D):		
At fair value:		
Pooled separate accounts	$ 970,971	$ 896,975
Registered investment companies mutual funds	2,406	-
	973,377	896,975
Participant notes receivable	33,352	32,000
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,006,729	$ 928,975

See accompanying notes to financial statements.

KTI, Inc. 401(k) Plan
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2011

Additions to net assets attributed to:	
Contributions:	
Participants	$ 108,483
Deductions from net assets attributed to:	
Net depreciation in fair value of investments	(22,797)
Benefits paid to participants	(5,862)
Corrective distributions	(1,970)
Administrator fees	(100)
Total deductions	(30,729)
Net increase in net assets available for benefits	77,754
Net assets available for benefits:	
Beginning of year	928,975
End of year	$ 1,006,729

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

KTI, Inc. 401(k) Plan
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE A – DESCRIPTION OF THE PLAN

The following description of the KTI, Inc. 401(k) plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions. The Plan Sponsor is KTI, Inc. (the "Company"). The Custodian of the Plan is Securian Retirement Services.

General

The Plan is a defined contribution plan covering substantially all non union employees of the Company who have three months of service. The effective date of participation would be the first day of the month coinciding with or next following the date on which such requirements are satisfied. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year, participants may contribute on a pre-tax basis up to 20% of their compensation, with a 2011 calendar year maximum of $16,500. Additional amounts may be contributed at the option of the Company's board of directors and contributions are subject to certain limitations. If a participant is age 50 or older by the end of the plan year, the participant may contribute an additional $5,500 to the plan, or the participant's compensation for the year, whichever is lower.

Participant Accounts

Each participant's account is credited with the participant's contributions and investment earnings or losses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are 100% vested in their contributions plus actual earnings thereon.

NOTE A – DESCRIPTION OF THE PLAN (Cont'd)

Investment Options

Upon enrollment in the Plan, participants may direct their contributions to be invested in any of sixteen investment options offered by Minnesota Life Insurance Company, one of the Plan's trustees. Investment options within Minnesota Life Insurance Company are categorized as follows:

Life Strategy I

Life Strategy I seeks long-term growth of capital by investing in Vanguard LifeStrategy Growth Fund. It holds large and small stocks with value and growth styles, diversified bonds and short-term investments. It includes U.S. stocks and some international holdings. Its allocation remains close to a target of 80% stocks and 20% bonds.

Life Strategy II

Life Strategy II seeks a reasonable level of income and long-term growth of capital and income by investing in Vanguard LifeStrategy Moderate Growth Fund. It holds large and small stocks with value and growth styles, diversified bonds and short-term investments. It includes U.S. stocks and some international holdings. Its allocation remains close to a target of 60% stocks and 40% bonds.

Life Strategy III

Life Strategy III seeks a high level of income, moderate long-term growth of capital and income by investing in Vanguard LifeStrategy Conservative Growth Fund. It holds large and small stocks with value and growth styles, diversified bonds and short-term investments. It includes U.S. stocks and some international holdings. Its allocation remains close to a target of 40% stocks, 40% bonds and 20% short-term investments.

Money Market

Money Market seeks a high level of current income to the extent consistent with the preservation of capital and maintenance of liquidity by investing in short-term debt instruments with maturity of 13 months or less, which are either issued or backed by the U.S. Government or by very large companies.

NOTE A – DESCRIPTION OF THE PLAN (Cont'd)

Intermediate-Term Bond Index IA

Intermediate-Term Bond Index IA seeks to track the performance of a market-weighted bond index with an intermediate term dollar-weighted average maturity by investing in Vanguard Intermediate-Term Bond Index Fund, Investor Shares. It employs an indexing strategy designed to track the performance of the Lehman Brothers 5-10 year Government/Credit Index. Intermediate-Term Bond Index IA invests by sampling the index, meaning that it holds a range of securities that, in the aggregate, approximate the full index in terms of key risk factors and other characteristics. At least 80% are invested in bonds held in the index. It maintains a dollar-weighted average maturity consistent with that of the index, which ranges between 5 and 10 years.

Real Estate

Real Estate seeks total return through a combination of capital appreciation and current income by investing in securities of companies in the real estate or real estate related industries.

Large Value Equity Index I

Large Value Equity Index I seeks investment results that correspond generally to the S&P 500®/CitiGroup Value Index by investing in a significant portion of its portfolio in common stocks included in the S&P 500®/CitiGroup Value Index with an emphasis in value investments.

Large Value Equity VII

Large Value Equity VII seeks capital growth and income through investments in equity securities, including common stocks, preferred stocks and securities convertible into common and preferred stocks.

Large Equity Index I

Large Equity Index I seeks investment results that correspond generally to the price and yield performance of the common stocks included in the Standard and Poor's 500 Composite Stock Price Index (S&P 500®) by investing in a significant portion of its assets in common stock included in the S&P 500®.

NOTE A – DESCRIPTION OF THE PLAN (Cont'd)

Large Equity VII

Large Equity VII seeks to provide long term growth of capital by investing in equity securities and securities convertible into common stocks traded on the U.S. exchanges and issued by well established companies.

Large Growth Equity Index I

Large Growth Equity Index I seeks investment results that correspond generally to the S&P 500®/CitiGroup Growth Index by investing in a significant portion of its portfolio in common stocks included in the S&P 500®/CitiGroup Growth Index with an emphasis in growth investments.

Large Growth Equity X

Large Growth Equity X seeks long-term capital appreciation by investing in common stocks of U.S. companies considered to have strong earnings growth potential in medium to large capitalization stocks.

Mid-Cap Value Equity IV

Mid-Cap Value Equity IV seeks long-term growth of capital by investing in medium-sized companies who are undervalued and have growth potential.

Mid-Cap Growth Equity I

Mid-Cap Growth Equity I seeks capital appreciation by investing in stocks of mid sized companies with growth potential in revenues, earnings of cash flows faster than the market and that are favorably priced.

Small Value Equity Index IX

Small Value Equity Index IX seeks long-term capital appreciation by investing at least 80% of its assets in a diversified portfolio of small capitalization companies that are attractive opportunities, but have not been widely recognized by investment analysts or the financial press. It considers small capitalization companies to be those with a market capitalization within the range of the Russell 2000 Value Index, and may invest up to 25% in foreign securities.

NOTE A – DESCRIPTION OF THE PLAN (Cont'd)

Small Equity III

Small Equity III seeks to capture the returns and diversification benefits of a broad cross-section of U.S. small companies, on a market cap-weighted basis. It invests in securities of U.S. companies whose size (market capitalization) falls within the smallest 8% of the market universe. The market universe is comprised of companies listed on the New York Stock Exchange, American Stock Exchange and Nasdaq National Market System.

Small Growth Equity XII

Small Growth Equity XII seeks long-term capital appreciation by normally investing in small, fast-growing companies that offer innovative products, services or technologies to a rapidly expanding marketplace. It considers small companies to be those with a market capitalization in the range of companies in either the Russell 2000 Growth Index or the S&P SmallCap 600 Index.

International Core I

International Core I seek high total return by investing in the GMO International Core Equity Fund. The GMO International Core Equity Strategy invests in a diversified portfolio of equities from the world's developed markets outside the United States. This portfolio seeks to outperform the MSCI EAFE index by 2%-3% per annum, while maintaining a low level of risk relative to the benchmark.

Participant Loans Receivable

Participants may borrow from the Plan a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. Loan terms range from one to five years but may be for a period up to 30 years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a fixed rate which is commensurate with local prevailing rates as determined by the plan administrator. Principal and interest is paid ratably over the loan term through monthly payroll deductions.

Payment of Benefits

On termination of service due to death, disability or retirement, a participant receives a lump-sum amount equal to the value of the participant's vested account balance. Benefits are recorded when paid. For the plan year ended December 31, 2011, benefits paid to participants amounted to $5,862.

KTI, Inc. 401(k) Plan
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE B – A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events were evaluated through October 8, 2012, which is the date the financial statements were available to be issued.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan's administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Basis of Accounting

The financial statements of the plan are prepared on the accrual basis of accounting.

Notes Receivable from Participants

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

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note D for discussion of fair value measurements.

Purchases and sales of securities are reflected on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits

Benefits are recorded when paid.

NOTE C – INFORMATION CERTIFIED BY THE TRUSTEE

All investment information, including notes receivable from participants, disclosed in the accompanying financial statements and supplemental schedule, including investments held at December 31, 2011 and 2010 and net change in fair value of investments and interest income for the year ended December 31, 2011, was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by the Plan's trustee.

NOTE D – INVESTMENTS AND INVESTMENT LOSS

The Plan's investments are held by the Plan's trustee, an insurance company. The following table presents investments at December 31, 2011 and 2010.

December 31, 2011	Fair Value	Fair Value Measurements Using: Quoted Market Prices in Active Markets for Similar Assets (Level 2)
Mutual Funds		
Lifecycle Portfolio	$ 210,455	$ 210,455
Fixed Income	110,404	110,404
Specialty Funds	45,430	45,430
Domestic Equities : Large Value	133,846	133,846
Domestic Equities : Large Blend	51,510	51,510
Domestic Equities : Large Growth	114,303	114,303
Domestic Equities : Mid Value	8,061	8,061
Domestic Equities : Mid Growth	20,228	20,228
Domestic Equities : Small Value	23,961	23,961
Domestic Equities : Small Blend	19,670	19,670
Domestic Equities : Small Growth	95,172	95,172
International Equities	83,136	83,136
Blackrock Global Allocation I	2,366	2,366
Money Market Funds	54,835	54,835
Total Invested Assets	$ 973,377	$ 973,377

NOTE D -- INVESTMENTS AND INVESTMENT LOSS (Cont'd)

December 31, 2010	Fair Value	Fair Value Measurements Using: Quoted Market Prices in Active Markets for Similar Assets (Level 2)
Mutual Funds		
Lifecycle Portfolio	$ 163,892	$ 163,892
Fixed Income	108,594	108,594
Specialty Funds	34,262	34,262
Domestic Equities : Large Value	127,879	127,879
Domestic Equities : Large Blend	47,087	47,087
Domestic Equities : Large Growth	116,364	116,364
Domestic Equities : Mid Value	8,129	8,129
Domestic Equities : Mid Growth	18,427	18,427
Domestic Equities : Small Value	23,517	23,517
Domestic Equities : Small Blend	14,198	14,198
Domestic Equities : Small Growth	98,122	98,122
International Equities	83,200	83,200
Money Market Funds	53,304	53,304
Total Invested Assets	$ 896,975	$ 896,975

For the year ended December 31, 2011, depreciation in fair value of investments was $22,797.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *"Fair Value Measurements and Disclosures,"* provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

NOTE D – INVESTMENTS AND INVESTMENT LOSS (Cont'd)

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

NOTE E – PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

NOTE F – SUBSEQUENT EVENTS

There were 7 employee participants that have been terminated as of December 31, 2011. These terminated participants have balances in the plan that total $237,881, which may be disbursed in 2012 to these terminated participants. Since their accounts are pooled separate accounts, there will be no effect to the other participants in the plan when the terminated employees' accounts are disbursed.

NOTE F – SUBSEQUENT EVENTS (Cont'd)

On December 20, 2011, the Plan sponsor entered into an agreement with Paychex Retirement Services whereby the latter will serve as the Plan's new custodian. The Plan's assets were transferred from Securian on March 2012.

As of December 31, 2011, Paychex held $2,406 of the Plan sponsor's employee contributions and were invested in mutual funds.

NOTE G – TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated March 31, 2008, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the determination letter. However, the Plan administrator and management believe that the Plan was designed and is operated in compliance with the applicable requirements of the IRC and has no income subject to unrelated business income tax. Therefore, they believe that the Plan is qualified and the related trust is tax-exempt through the year ended December 31, 2011. The Plan's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

SUPPLEMENTAL SCHEDULE

KTI, Inc. 401(k) Plan
Schedule H, line 4i, Schedule of Assets (Held at End of Year)
December 31, 2011
Plan Number 004
EIN: 95-3191821

(a)	(b) Identity of issue, borrower, or similar party	© Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current Value
	Small Growth Equity XII	Pooled Separate Account	-	95,172
	Large Value Equity VII	Pooled Separate Account	-	98,352
	International Core I	Pooled Separate Account	-	83,136
	Money Market	Pooled Separate Account	-	54,795
	Intermediate Term Bond Inx IA	Pooled Separate Account	-	110,404
	LifeStrategy III	Pooled Separate Account	-	31,337
	Life Strategy II	Pooled Separate Account	-	14,674
	LifeStrategy I	Pooled Separate Account	-	164,444
	Real Estate	Pooled Separate Account	-	45,430
	Small Equity III	Pooled Separate Account	-	19,670
	Large Equity VII	Pooled Separate Account	-	27,512
	Small Value Equity IX	Pooled Separate Account	-	23,961
	Large Equity Index I	Pooled Separate Account	-	23,998
	Large Value Eq Index I	Pooled Separate Account	-	35,494
	Large Grow Eq Ind I	Pooled Separate Account	-	8,853
	Mid-Cap Growth Equity I	Pooled Separate Account	-	20,228
	Large Growth Equity X	Pooled Separate Account	-	105,450
	Mid-Cap Value Equity IV	Pooled Separate Account	-	8,061
	Vanguard Prime Money Market	Money Market	-	40
	Blackrock Global Allocation I	Mutual Fund		2,366
	Participant Loans	Maturity 01/2011-12/2016; Interest Rate 7.00%	-	33,352
			$ -	1,006,729

See accompanying Independent Auditors' Report

KTI, INC.
401(K) RETIREMENT PLAN

Financial Statements and Schedule
December 31, 2011

KTI, INC. 401(K) RETIREMENT PLAN

Financial Statements and Schedule
December 31, 2011

Table of Contents

Independent Auditors' Report

Statements of Net Assets Available for Benefits –
December 31, 2011 and 2010

Statement of Changes in Net Assets Available for Benefits
For The Year Ended December 31, 2011

Notes to Financial Statements

Schedule of Assets Held for
Investment Purposes - December 31, 2011

Other schedules are omitted because they are not applicable or not required by the Employee Retirement Income Security Act of 1974 or regulations issued by the Department of Labor.

BARTELT, JAYNES & VAN PELT
A PROFESSIONAL ACCOUNTANCY CORPORATION

INDEPENDENT AUDITORS' REPORT

To the Administrative Committee of
KTI, Inc. 401 (K) Plan
Rialto, California

We were engaged to audit the accompanying statements of net assets available for benefits of KTI, Inc. 401(k) Plan (the "Plan") as of December 31, 2011 and 2010, the related statement of changes in net assets available for benefits for the year ended December 31, 2011 and the supplemental schedule of assets held for investment purposes as of and for the year ended December 31, 2011. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note D, which was certified by Minnesota Life Insurance Company, the custodian of the Plan, except for comparing the information with the related information included in the financial statements and schedule. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the custodian as of and for the years ended December 31, 2011 and 2010, that the information provided to the Plan's administrator by the custodian is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and schedule taken as a whole. The supplemental schedule is presented for the purpose of additional analysis and is not a required part of the financial statements but is 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 schedule, other than that derived from the information certified by the custodian, have 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.

Bartelt, Jaynes & Van Pelt
Certified Public Accountants
Newport Beach, California

October 8, 2012

KTI, Inc. 401(k) Plan
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2011 and 2010

ASSETS	2011	2010
Investments (Note D):		
At fair value:		
Pooled separate accounts	$ 970,971	$ 896,975
Registered investment companies mutual funds	2,406	-
	973,377	896,975
Participant notes receivable	33,352	32,000
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,006,729	$ 928,975

See accompanying notes to financial statements.

KTI, Inc. 401(k) Plan
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2011

Additions to net assets attributed to:	
Contributions:	
Participants	$ 108,483
Deductions from net assets attributed to:	
Net depreciation in fair value of investments	(22,797)
Benefits paid to participants	(5,862)
Corrective distributions	(1,970)
Administrator fees	(100)
Total deductions	(30,729)
Net increase in net assets available for benefits	77,754
Net assets available for benefits:	
Beginning of year	928,975
End of year	$ 1,006,729

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

KTI, Inc. 401(k) Plan
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE A – DESCRIPTION OF THE PLAN

The following description of the KTI, Inc. 401(k) plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions. The Plan Sponsor is KTI, Inc. (the "Company"). The Custodian of the Plan is Securian Retirement Services.

General

The Plan is a defined contribution plan covering substantially all non union employees of the Company who have three months of service. The effective date of participation would be the first day of the month coinciding with or next following the date on which such requirements are satisfied. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year, participants may contribute on a pre-tax basis up to 20% of their compensation, with a 2011 calendar year maximum of $16,500. Additional amounts may be contributed at the option of the Company's board of directors and contributions are subject to certain limitations. If a participant is age 50 or older by the end of the plan year, the participant may contribute an additional $5,500 to the plan, or the participant's compensation for the year, whichever is lower.

Participant Accounts

Each participant's account is credited with the participant's contributions and investment earnings or losses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are 100% vested in their contributions plus actual earnings thereon.

NOTE A – DESCRIPTION OF THE PLAN (Cont'd)

Investment Options

Upon enrollment in the Plan, participants may direct their contributions to be invested in any of sixteen investment options offered by Minnesota Life Insurance Company, one of the Plan's trustees. Investment options within Minnesota Life Insurance Company are categorized as follows:

Life Strategy I

Life Strategy I seeks long-term growth of capital by investing in Vanguard LifeStrategy Growth Fund. It holds large and small stocks with value and growth styles, diversified bonds and short-term investments. It includes U.S. stocks and some international holdings. Its allocation remains close to a target of 80% stocks and 20% bonds.

Life Strategy II

Life Strategy II seeks a reasonable level of income and long-term growth of capital and income by investing in Vanguard LifeStrategy Moderate Growth Fund. It holds large and small stocks with value and growth styles, diversified bonds and short-term investments. It includes U.S. stocks and some international holdings. Its allocation remains close to a target of 60% stocks and 40% bonds.

Life Strategy III

Life Strategy III seeks a high level of income, moderate long-term growth of capital and income by investing in Vanguard LifeStrategy Conservative Growth Fund. It holds large and small stocks with value and growth styles, diversified bonds and short-term investments. It includes U.S. stocks and some international holdings. Its allocation remains close to a target of 40% stocks, 40% bonds and 20% short-term investments.

Money Market

Money Market seeks a high level of current income to the extent consistent with the preservation of capital and maintenance of liquidity by investing in short-term debt instruments with maturity of 13 months or less, which are either issued or backed by the U.S. Government or by very large companies.

NOTE A – DESCRIPTION OF THE PLAN (Cont'd)

Intermediate-Term Bond Index IA

Intermediate-Term Bond Index IA seeks to track the performance of a market-weighted bond index with an intermediate term dollar-weighted average maturity by investing in Vanguard Intermediate-Term Bond Index Fund, Investor Shares. It employs an indexing strategy designed to track the performance of the Lehman Brothers 5-10 year Government/Credit Index. Intermediate-Term Bond Index IA invests by sampling the index, meaning that it holds a range of securities that, in the aggregate, approximate the full index in terms of key risk factors and other characteristics. At least 80% are invested in bonds held in the index. It maintains a dollar-weighted average maturity consistent with that of the index, which ranges between 5 and 10 years.

Real Estate

Real Estate seeks total return through a combination of capital appreciation and current income by investing in securities of companies in the real estate or real estate related industries.

Large Value Equity Index I

Large Value Equity Index I seeks investment results that correspond generally to the S&P 500®/CitiGroup Value Index by investing in a significant portion of its portfolio in common stocks included in the S&P 500®/CitiGroup Value Index with an emphasis in value investments.

Large Value Equity VII

Large Value Equity VII seeks capital growth and income through investments in equity securities, including common stocks, preferred stocks and securities convertible into common and preferred stocks.

Large Equity Index I

Large Equity Index I seeks investment results that correspond generally to the price and yield performance of the common stocks included in the Standard and Poor's 500 Composite Stock Price Index (S&P 500®) by investing in a significant portion of its assets in common stock included in the S&P 500®.

NOTE A – DESCRIPTION OF THE PLAN (Cont'd)

Large Equity VII

Large Equity VII seeks to provide long term growth of capital by investing in equity securities and securities convertible into common stocks traded on the U.S. exchanges and issued by well established companies.

Large Growth Equity Index I

Large Growth Equity Index I seeks investment results that correspond generally to the S&P 500®/CitiGroup Growth Index by investing in a significant portion of its portfolio in common stocks included in the S&P 500®/CitiGroup Growth Index with an emphasis in growth investments.

Large Growth Equity X

Large Growth Equity X seeks long-term capital appreciation by investing in common stocks of U.S. companies considered to have strong earnings growth potential in medium to large capitalization stocks.

Mid-Cap Value Equity IV

Mid-Cap Value Equity IV seeks long-term growth of capital by investing in medium-sized companies who are undervalued and have growth potential.

Mid-Cap Growth Equity I

Mid-Cap Growth Equity I seeks capital appreciation by investing in stocks of mid sized companies with growth potential in revenues, earnings of cash flows faster than the market and that are favorably priced.

Small Value Equity Index IX

Small Value Equity Index IX seeks long-term capital appreciation by investing at least 80% of its assets in a diversified portfolio of small capitalization companies that are attractive opportunities, but have not been widely recognized by investment analysts or the financial press. It considers small capitalization companies to be those with a market capitalization within the range of the Russell 2000 Value Index, and may invest up to 25% in foreign securities.

NOTE A – DESCRIPTION OF THE PLAN (Cont'd)

Small Equity III

Small Equity III seeks to capture the returns and diversification benefits of a broad cross-section of U.S. small companies, on a market cap-weighted basis. It invests in securities of U.S. companies whose size (market capitalization) falls within the smallest 8% of the market universe. The market universe is comprised of companies listed on the New York Stock Exchange, American Stock Exchange and Nasdaq National Market System.

Small Growth Equity XII

Small Growth Equity XII seeks long-term capital appreciation by normally investing in small, fast-growing companies that offer innovative products, services or technologies to a rapidly expanding marketplace. It considers small companies to be those with a market capitalization in the range of companies in either the Russell 2000 Growth Index or the S&P SmallCap 600 Index.

International Core I

International Core I seek high total return by investing in the GMO International Core Equity Fund. The GMO International Core Equity Strategy invests in a diversified portfolio of equities from the world's developed markets outside the United States. This portfolio seeks to outperform the MSCI EAFE index by 2%-3% per annum, while maintaining a low level of risk relative to the benchmark.

Participant Loans Receivable

Participants may borrow from the Plan a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. Loan terms range from one to five years but may be for a period up to 30 years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a fixed rate which is commensurate with local prevailing rates as determined by the plan administrator. Principal and interest is paid ratably over the loan term through monthly payroll deductions.

Payment of Benefits

On termination of service due to death, disability or retirement, a participant receives a lump-sum amount equal to the value of the participant's vested account balance. Benefits are recorded when paid. For the plan year ended December 31, 2011, benefits paid to participants amounted to $5,862.

KTI, Inc. 401(k) Plan
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE B – A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events were evaluated through October 8, 2012, which is the date the financial statements were available to be issued.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan's administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Basis of Accounting

The financial statements of the plan are prepared on the accrual basis of accounting.

Notes Receivable from Participants

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

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note D for discussion of fair value measurements.

Purchases and sales of securities are reflected on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits

Benefits are recorded when paid.

NOTE C – INFORMATION CERTIFIED BY THE TRUSTEE

All investment information, including notes receivable from participants, disclosed in the accompanying financial statements and supplemental schedule, including investments held at December 31, 2011 and 2010 and net change in fair value of investments and interest income for the year ended December 31, 2011, was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by the Plan's trustee.

NOTE D – INVESTMENTS AND INVESTMENT LOSS

The Plan's investments are held by the Plan's trustee, an insurance company. The following table presents investments at December 31, 2011 and 2010.

December 31, 2011	Fair Value	Fair Value Measurements Using: Quoted Market Prices in Active Markets for Similar Assets (Level 2)
Mutual Funds		
Lifecycle Portfolio	$ 210,455	$ 210,455
Fixed Income	110,404	110,404
Specialty Funds	45,430	45,430
Domestic Equities : Large Value	133,846	133,846
Domestic Equities : Large Blend	51,510	51,510
Domestic Equities : Large Growth	114,303	114,303
Domestic Equities : Mid Value	8,061	8,061
Domestic Equities : Mid Growth	20,228	20,228
Domestic Equities : Small Value	23,961	23,961
Domestic Equities : Small Blend	19,670	19,670
Domestic Equities : Small Growth	95,172	95,172
International Equities	83,136	83,136
Blackrock Global Allocation I	2,366	2,366
Money Market Funds	54,835	54,835
Total Invested Assets	$ 973,377	$ 973,377

NOTE D -- INVESTMENTS AND INVESTMENT LOSS (Cont'd)

December 31, 2010	Fair Value	Fair Value Measurements Using: Quoted Market Prices in Active Markets for Similar Assets (Level 2)
Mutual Funds		
Lifecycle Portfolio	$ 163,892	$ 163,892
Fixed Income	108,594	108,594
Specialty Funds	34,262	34,262
Domestic Equities : Large Value	127,879	127,879
Domestic Equities : Large Blend	47,087	47,087
Domestic Equities : Large Growth	116,364	116,364
Domestic Equities : Mid Value	8,129	8,129
Domestic Equities : Mid Growth	18,427	18,427
Domestic Equities : Small Value	23,517	23,517
Domestic Equities : Small Blend	14,198	14,198
Domestic Equities : Small Growth	98,122	98,122
International Equities	83,200	83,200
Money Market Funds	53,304	53,304
Total Invested Assets	$ 896,975	$ 896,975

For the year ended December 31, 2011, depreciation in fair value of investments was $22,797.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *"Fair Value Measurements and Disclosures,"* provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

NOTE D – INVESTMENTS AND INVESTMENT LOSS (Cont'd)

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

NOTE E – PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

NOTE F – SUBSEQUENT EVENTS

There were 7 employee participants that have been terminated as of December 31, 2011. These terminated participants have balances in the plan that total $237,881, which may be disbursed in 2012 to these terminated participants. Since their accounts are pooled separate accounts, there will be no effect to the other participants in the plan when the terminated employees' accounts are disbursed.

NOTE F – SUBSEQUENT EVENTS (Cont'd)

On December 20, 2011, the Plan sponsor entered into an agreement with Paychex Retirement Services whereby the latter will serve as the Plan's new custodian. The Plan's assets were transferred from Securian on March 2012.

As of December 31, 2011, Paychex held $2,406 of the Plan sponsor's employee contributions and were invested in mutual funds.

NOTE G – TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated March 31, 2008, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the determination letter. However, the Plan administrator and management believe that the Plan was designed and is operated in compliance with the applicable requirements of the IRC and has no income subject to unrelated business income tax. Therefore, they believe that the Plan is qualified and the related trust is tax-exempt through the year ended December 31, 2011. The Plan's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

SUPPLEMENTAL SCHEDULE

KTI, Inc. 401(k) Plan
Schedule H, line 4i, Schedule of Assets (Held at End of Year)
December 31, 2011
Plan Number 004
EIN: 95-3191821

(a)	(b) Identity of issue, borrower, or similar party	© Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current Value
	Small Growth Equity XII	Pooled Separate Account	-	95,172
	Large Value Equity VII	Pooled Separate Account	-	98,352
	International Core I	Pooled Separate Account	-	83,136
	Money Market	Pooled Separate Account	-	54,795
	Intermediate Term Bond Inx IA	Pooled Separate Account	-	110,404
	LifeStrategy III	Pooled Separate Account	-	31,337
	Life Strategy II	Pooled Separate Account	-	14,674
	LifeStrategy I	Pooled Separate Account	-	164,444
	Real Estate	Pooled Separate Account	-	45,430
	Small Equity III	Pooled Separate Account	-	19,670
	Large Equity VII	Pooled Separate Account	-	27,512
	Small Value Equity IX	Pooled Separate Account	-	23,961
	Large Equity Index I	Pooled Separate Account	-	23,998
	Large Value Eq Index I	Pooled Separate Account	-	35,494
	Large Grow Eq Ind I	Pooled Separate Account	-	8,853
	Mid-Cap Growth Equity I	Pooled Separate Account	-	20,228
	Large Growth Equity X	Pooled Separate Account	-	105,450
	Mid-Cap Value Equity IV	Pooled Separate Account	-	8,061
	Vanguard Prime Money Market	Money Market	-	40
	Blackrock Global Allocation I	Mutual Fund		2,366
	Participant Loans	Maturity 01/2011-12/2016; Interest Rate 7.00%	-	33,352
			$ -	1,006,729

See accompanying Independent Auditors' Report