

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 CARDONE INDUSTRIES, INC. 401(K) SAFE HARBOR PLAN	<table border="1"> <tr> <td>1b Three-digit plan number (PN) ►</td> <td>003</td> </tr> <tr> <td>1c Effective date of plan</td> <td>12/01/1993</td> </tr> </table>	1b Three-digit plan number (PN) ►	003	1c Effective date of plan	12/01/1993		
1b Three-digit plan number (PN) ►	003						
1c Effective date of plan	12/01/1993						
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) CARDONE INDUSTRIES, INC. 5501 WHITAKER AVENUE PHILADELPHIA, PA 19124	<table border="1"> <tr> <td>2b Employer Identification Number (EIN)</td> <td>23-1916269</td> </tr> <tr> <td>2c Sponsor's telephone number</td> <td>215-912-3501</td> </tr> <tr> <td>2d Business code (see instructions)</td> <td>336300</td> </tr> </table>	2b Employer Identification Number (EIN)	23-1916269	2c Sponsor's telephone number	215-912-3501	2d Business code (see instructions)	336300
2b Employer Identification Number (EIN)	23-1916269						
2c Sponsor's telephone number	215-912-3501						
2d Business code (see instructions)	336300						

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.	10/14/2012	FRANK R ZGRABLICH
	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") CARDONE INDUSTRIES, INC. 5501 WHITAKER AVENUE PHILADELPHIA, PA 19124	3b Administrator's EIN 23-1916269 3c Administrator's telephone number 215-912-3501
---	---

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	3606
---	----------	------

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	2658
b Retired or separated participants receiving benefits.....	6b	91
c Other retired or separated participants entitled to future benefits.....	6c	135
d Subtotal. Add lines 6a , 6b , and 6c	6d	2884
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	1
f Total. Add lines 6d and 6e	6f	2885
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	1988
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	53

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
--	----------	--

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

2E 2F 2G 2J 2K 2T 3D

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

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance	(1) ☐ Insurance
(2) ☐ Code section 412(e)(3) insurance contracts	(2) ☐ Code section 412(e)(3) insurance contracts
(3) ☒ Trust	(3) ☒ Trust
(4) ☐ General assets of the sponsor	(4) ☐ General assets of the sponsor

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

a Pension Schedules

- (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)** ☐ **A** (Insurance Information)
- (4)** ☒ **C** (Service Provider Information)
- (5)** ☒ **D** (DFE/Participating Plan Information)
- (6)** ☐ **G** (Financial Transaction Schedules)

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 <u>CARDONE INDUSTRIES, INC. 401(K) SAFE HARBOR PLAN</u>	B Three-digit plan number (PN) ▶ <u>003</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>CARDONE INDUSTRIES, INC.</u>	D Employer Identification Number (EIN) <u>23-1916269</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ 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

(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 disclosures on eligible indirect compensation

(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 disclosures on eligible indirect compensation

(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 disclosures on eligible indirect compensation

(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 disclosures on eligible indirect compensation

(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 disclosures on eligible indirect compensation

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)

PROFESSIONAL CAPITAL SERVICES, LLC
1500 MARKET STREET
SUITE 3310E
PHILADELPHIA, PA 19102

(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 15 16 17 36 37 38 64	CONTRACT ADMINISTRATOR	230470	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

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

MAIN LINE FINANCIAL ADVISORS, LLC
211 EAST HIGH STREET
POTTSTOWN, PA 19464

(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?
28	INVESTMENT MANAGER	58437	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

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

TD AMERITRADE TRUST COMPANY
717 17TH STREET
SUITE 1700
DENVER, CO 80202-3331

(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?
21	TRUSTEE	23375	Yes ☒ No ☐	Yes ☒ No ☐	0	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
(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.	
(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) 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 <u>CARDONE INDUSTRIES, INC. 401(K) SAFE HARBOR PLAN</u>	B Three-digit plan number (PN) ►	<u>003</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>CARDONE INDUSTRIES, INC.</u>	D Employer Identification Number (EIN) <u>23-1916269</u>	

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: MORLEY STABLE VALUE FUND

b Name of sponsor of entity listed in (a): MORLEY FINANCIAL SERVICES, INC.

c EIN-PN <u>93-6274329-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>8767452</u>
---------------------------------------	-------------------------------	--

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)**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 <u>01/01/2011</u> and ending <u>12/31/2011</u>		
A Name of plan <u>CARDONE INDUSTRIES, INC. 401(K) SAFE HARBOR PLAN</u>	B Three-digit plan number (PN) ►	003
C Plan sponsor's name as shown on line 2a of Form 5500 <u>CARDONE INDUSTRIES, INC.</u>	D Employer Identification Number (EIN) <u>23-1916269</u>	

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)	2626830	2155466
(2) Participant contributions	1b(2)	55224	50171
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	1642083	2419967
(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)	2609415	2330408
(9) Value of interest in common/collective trusts.....	1c(9)	9521169	8767452
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	41253748	40972129
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(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	57708469	56695593

Liabilities

g Benefit claims payable	1g		4426
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	4426

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	57708469	56691167
---	-----------	----------	----------

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)	2177880	
(B) Participants	2a(1)(B)	3007277	
(C) Others (including rollovers)	2a(1)(C)	35244	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		5220401
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	890	
(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)	103317	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		104207
(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)		170364
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-807507
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		4687465

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	5414932	
(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)		5414932
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		229762
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	230470	
(3) Investment advisory and management fees	2i(3)	58437	
(4) Other	2i(4)	23376	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		312283
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		5956977

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		-1269512
l Transfers of assets:			
(1) To this plan.....	2l(1)		252210
(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: MARCUM LLP

(2) EIN: 11-1986323

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		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		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.		X	

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

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 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 <u>CARDONE INDUSTRIES, INC. 401(K) SAFE HARBOR PLAN</u>	B Three-digit plan number (PN) ▶ <u>003</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>CARDONE INDUSTRIES, INC.</u>	D Employer Identification Number (EIN) <u>23-1916269</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>84-0519832</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
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

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): _____

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Cardone Industries, Inc.
401(k) Safe Harbor Plan

We have audited the accompanying statements of net assets available for benefits of the Cardone Industries, Inc. 401(k) Safe Harbor 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. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Cardone Industries, Inc. 401(k) Safe Harbor Plan as of December 31, 2011 and 2010, and the changes in its net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets (held at end of year) as of December 31, 2011 and schedule of reportable (5%) transactions for the year ended December 31, 2011, are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Marcum LLP

Bala Cynwyd, PA
October 11, 2012

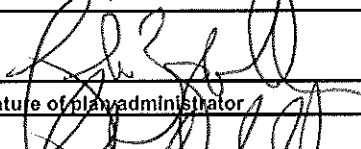
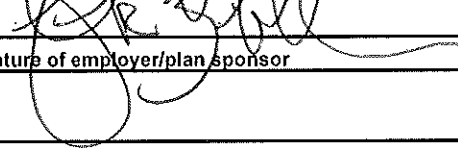
Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the 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 single-employer plan;	☐ a multiple-employer plan; or ☐ a DFE (specify) _____	
B This return/report is:	☐ the first return/report; ☐ an amended return/report;	☐ the final 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; ☐ special extension (enter description) _____	☐ automatic extension;	☐ the DFVC program;

Part II Basic Plan Information—enter all requested information			
1a Name of plan Cardone Industries, Inc. 401(k) Safe Harbor Plan 2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) Cardone Industries, Inc. 5501 Whitaker Avenue Philadelphia PA 19124	1b Three-digit plan number (PN) ▶	003	
		12/01/1993	
	2b Employer Identification Number (EIN)	23-1916269	
	2c Sponsor's telephone number	(215) 912-3501	
	2d Business code (see instructions)	336300	

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			FRANK R ZGRABLICH
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			FRANK R ZGRABLICH
	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") SAME		3b Administrator's EIN 3c Administrator's telephone number
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	3,606
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	2,658
b Retired or separated participants receiving benefits.....	6b	91
c Other retired or separated participants entitled to future benefits.....	6c	135
d Subtotal. Add lines 6a, 6b, and 6c.	6d	2,884
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	1
f Total. Add lines 6d and 6e.....	6f	2,885
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g	1,988
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	53
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions: 2E 2F 2G 2J 2K 2T 3D b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:		
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
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) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

CARDONE INDUSTRIES, INC.

401(k) SAFE HARBOR PLAN

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

CARDONE INDUSTRIES, INC.

401(k) SAFE HARBOR PLAN

CONTENTS

Independent Auditors' Report	1
---	---

Financial Statements

Statements of Net Assets Available for Benefits.....	2
Statements of Changes in Net Assets Available for Benefits.....	3

Notes to Financial Statements	4-16
--	------

Supplemental Schedules

Schedule of Assets (Held at End of Year)	17
Schedule of Reportable (5%) Transactions.....	18

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Cardone Industries, Inc.
401(k) Safe Harbor Plan

We have audited the accompanying statements of net assets available for benefits of the Cardone Industries, Inc. 401(k) Safe Harbor 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. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Cardone Industries, Inc. 401(k) Safe Harbor Plan as of December 31, 2011 and 2010, and the changes in its net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets (held at end of year) as of December 31, 2011 and schedule of reportable (5%) transactions for the year ended December 31, 2011, are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Marcum LLP

Bala Cynwyd, PA
October 11, 2012

CARDONE INDUSTRIES, INC.

401(k) SAFE HARBOR PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Assets		
Investments, at fair value:		
Money market funds	\$ 2,419,967	\$ 1,642,083
Mutual funds	40,972,129	41,253,748
Common/collective fund	<u>8,996,890</u>	<u>9,714,780</u>
Total Investments	<u>52,388,986</u>	<u>52,610,611</u>
Receivables:		
Participant contributions	50,171	55,224
Employer contributions	2,155,466	2,626,830
Notes receivable from participants	<u>2,330,408</u>	<u>2,609,415</u>
Total Receivables	<u>4,536,045</u>	<u>5,291,469</u>
Total Assets	56,925,031	57,902,080
Liabilities		
Distributions payable	<u>4,426</u>	<u>--</u>
Net Assets Available for Benefits at Fair Value	56,920,605	57,902,080
Adjustment from fair value to contract value for interest in common/collective fund relating to fully benefit-responsive investment contract	<u>(229,438)</u>	<u>(193,611)</u>
Net Assets Available for Benefits	<u>\$56,691,167</u>	<u>\$57,708,469</u>

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

CARDONE INDUSTRIES, INC.

401(k) SAFE HARBOR PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Additions to Net Assets Attributed to:		
Investment income:		
Interest	\$ 890	\$ 1,153
Net realized and unrealized (depreciation) appreciation	<u>(637,143)</u>	<u>4,755,283</u>
Total Investment (Loss) Income	<u>(636,253)</u>	<u>4,756,436</u>
Interest income on notes receivable from participants	<u>103,317</u>	<u>105,399</u>
Contributions:		
Participants	3,007,277	3,033,076
Employer	2,177,880	2,626,830
Rollovers from qualified plans	<u>35,244</u>	<u>14,981</u>
Total Contributions	<u>5,220,401</u>	<u>5,674,887</u>
Transfers		
From the Cardone Industries, Inc. ESOP	<u>252,210</u>	<u>212,014</u>
Total Additions	<u>4,939,675</u>	<u>10,748,736</u>
Deductions from Net Assets Attributed to:		
Benefits paid to participants and terminated employees	5,644,694	3,442,530
Administrative expenses	<u>312,283</u>	<u>251,342</u>
Total Deductions	<u>5,956,977</u>	<u>3,693,872</u>
Net (Decrease) Increase	(1,017,302)	7,054,864
Net Assets Available for Benefits:		
Beginning of year	<u>57,708,469</u>	<u>50,653,605</u>
End of year	<u>\$56,691,167</u>	<u>\$57,708,469</u>

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

CARDONE INDUSTRIES, INC.

401(k) SAFE HARBOR PLAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of the Cardone Industries, Inc. 401(k) Safe Harbor Plan (the "Plan") is provided for general information purposes only. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

GENERAL

The Plan is a defined contribution plan covering substantially all full time employees of Cardone Industries, Inc. (the "Company"). Employees become eligible to be participants in the Plan upon completing 250 hours of service within the first three months of employment.

EMPLOYEE CONTRIBUTIONS

The Plan provides employees with an option to enter into a salary reduction agreement with the Company, whereby a portion of the employee's compensation may be deferred by having the Company contribute such amount on the employee's behalf to the Plan. The maximum amount which an employee may elect to defer with respect to any plan year is subject to limitations as provided by the Internal Revenue Code.

EMPLOYER CONTRIBUTIONS

The Company will contribute a matching percentage of 10% of the participant's eligible contributions for the plan year. In addition, the Company may elect to make an additional matching contribution equal to a discretionary percentage of the participant's salary deferral.

The Company will make a nonelective contribution for all eligible employees equal to 3% of compensation.

The Company may elect a discretionary contribution for all eligible employees equal to 2% of compensation. Total contributions for 2011 and 2010 totaled approximately \$2,178,000 and \$2,627,000, respectively.

CARDONE INDUSTRIES, INC.

401(k) SAFE HARBOR PLAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 - DESCRIPTION OF THE PLAN (CONTINUED)

FORFEITURES

Forfeitures by terminated employees of amounts not vested are used to reduce employer contributions. Employee forfeited, nonvested amounts were approximately \$4,000 and \$52,000 at December 31, 2011 and 2010, respectively. The forfeited accounts are included in investments at fair value on the accompanying Statements of Net Assets Available for Benefits. Employer contributions were reduced by approximately \$59,000 and \$-- from forfeited nonvested accounts for the years ended December 31, 2011 and 2010, respectively.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's deferral contribution, employer contributions, if any, and an allocation of net investment income and charged with an allocation of administrative expenses. Benefit payments, if any, are specifically charged to the participant's account. Allocations are based on the participant's earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account. Participants may change their investment options at any time.

Amounts allocated to persons who terminated from the Plan, but have not been paid, totaled approximately \$3,711,000 and \$4,527,000 at December 31, 2011 and 2010, respectively.

NOTES RECEIVABLE FROM PARTICIPANTS

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. The loans are secured by the balance in the participant's account and bear interest at rates that range from 4.25% to 9.25% for the years ended December 31, 2011 and 2010, respectively, which are commensurate with local prevailing rates as determined quarterly by the plan administrator. Principal and interest is paid ratably through bi-weekly payroll deductions.

CARDONE INDUSTRIES, INC.

401(k) SAFE HARBOR PLAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 - DESCRIPTION OF THE PLAN (CONTINUED)

VESTING

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's matching and discretionary contribution portion of their accounts plus actual earnings thereon is based on years of continuous service according to the following schedule:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 2	--%
2	20%
3	40%
4	60%
5	80%
6	100%

INVESTMENT OPTIONS

Upon enrollment in the Plan, a participant may direct contributions in various investment options, as reflected below, offered by TD Ameritrade. If a participant does not choose one of the investment options offered by TD Ameritrade, contributions made to the Plan on his/her behalf will be invested in a Qualified Default Investment Alternative ("QDIA"), until further action is taken.

Participants may change their investment options daily.

The QDIA's and their corresponding age groups for the Plan are as follows:

Aggressive Growth Model	Ages 21-35
Growth Model	Ages 36-50
Balanced Model	Ages 51-65
Conservative Model	Ages 66+

CARDONE INDUSTRIES, INC.

401(k) SAFE HARBOR PLAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 - DESCRIPTION OF THE PLAN (CONTINUED)

INVESTMENT OPTIONS (CONTINUED)

Investment objectives of the default investments:

Aggressive Growth Model

The objective of this option is to seek long-term capital growth by investing in other mutual funds, not individual stocks, that collectively have a target allocation of 95% equities and 5% fixed income. The fund's asset allocation ranges may be 80-95% stocks, 5-20% bonds, and 0-5% cash. Based on the current investment allocation for this model the average expense ratio is 0.48%.

Growth Model

The objective of this option is to seek long-term capital growth and a moderate level of current income by investing in other mutual funds, not individual stocks, that collectively have a target allocation of 80% equities and 20% fixed income. The fund's asset allocation ranges may be 45-80% stocks, 10-55% bonds, and 0-25% cash. Based on the current investment allocation for this model the average expense ratio is 0.39%.

Balanced Model

The objective of this option is to seek a high level of income and moderate capital growth by investing in mutual funds, not individual stocks that collectively have a target allocation of 50% fixed income and 50% equities. The fund's asset allocation ranges may be 50-75% bonds, 25-50% stocks and 1-25% cash. Based on the current investment allocation for this model the average expense ratio is 0.36%.

Conservative Model

The objective of this option is to seek a high level of income by investing in other mutual funds, not individual stocks that collectively have a target allocation of 70% fixed income and 30% equities. The fund's asset allocation ranges may be 70-90% bonds, 5-30% stocks and 0%-25% cash investments. Based on the current investment allocation for this model the average expense ratio is 0.29%.

CARDONE INDUSTRIES, INC.

401(k) SAFE HARBOR PLAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 - DESCRIPTION OF THE PLAN (CONTINUED)

PAYMENT OF BENEFITS

On termination of service due to death, disability, hardship distributions, or retirement, a participant may elect to receive a lump-sum amount equal to the value of the participant's vested interest in his or her account. If the participant's vested account balance exceeds \$5,000, they may elect to delay distribution until required by law to receive minimum required distributions.

PLAN TERMINATION

Although it has not expressed an 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 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

The Plan invests in investment contracts through a common/collective fund. 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 investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statement of Net Assets Available for Benefits presents 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 prepared on a contract value basis.

CARDONE INDUSTRIES, INC.

401(k) SAFE HARBOR PLAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PAYMENTS OF BENEFITS

Benefits are recorded when paid.

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 3 for discussion of fair value measurements.

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

CONCENTRATIONS OF CREDIT RISK

At December 31, 2011 and 2010, the Plan maintained 100% of its investments with TD Ameritrade.

NOTES RECEIVABLE FROM PARTICIPANTS

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

CARDONE INDUSTRIES, INC.

401(k) SAFE HARBOR PLAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADMINISTRATIVE EXPENSES

Certain recordkeeping and administrative expenses of the Plan are borne by the Company. Various transaction charges including new loan set-up, loan maintenance, distribution, and investment fees, are charged directly to the respective participants' accounts and represent substantially all of the Plan's administrative expenses.

NOTE 3 - FAIR VALUE MEASUREMENTS

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

Level 1 Fair Value Measurements

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 Fair Value Measurements

Inputs to the valuation methodology include

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

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

CARDONE INDUSTRIES, INC.

401(k) SAFE HARBOR PLAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Fair Value Measurements

Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The Plan does not maintain Level 3 assets.

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.

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

Mutual funds and money market funds: Valued at the quoted net asset values of the shares held by the Plan at year end.

Common/collective fund: Valued at fair value based upon the present value of expected discounted cash flows of guaranteed investment contracts held by the trust and the fair values of securities underlying synthetic guaranteed investment contracts held by the trust.

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

CARDONE INDUSTRIES, INC.

401(k) SAFE HARBOR PLAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table provides fair value measurement information for the Plan's major categories of financial assets measured on a recurring basis. During 2011 and 2010 there were no transfers of financial assets or liabilities between levels within the fair value hierarchy.

	Fair Value December 31, 2011	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Quoted Prices for Similar Assets in Active or Non-active Markets (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments:				
Money market funds	<u>\$ 2,419,967</u>	<u>\$ 2,419,967</u>	<u>\$ --</u>	<u>\$ --</u>
Mutual funds:				
Growth	17,074,740	17,074,740	--	--
Index	4,605,500	4,605,500	--	--
Income	8,218,491	8,218,491	--	--
Capital appreciation	3,479,136	3,479,136	--	--
Bond	<u>7,594,262</u>	<u>7,594,262</u>	<u>--</u>	<u>--</u>
Total mutual funds	<u>40,972,129</u>	<u>40,972,129</u>	<u>--</u>	<u>--</u>
Common/collective fund	<u>8,996,890</u>	<u>--</u>	<u>8,996,890</u>	<u>--</u>
	<u>\$52,388,986</u>	<u>\$43,392,096</u>	<u>\$ 8,996,890</u>	<u>\$ --</u>

CARDONE INDUSTRIES, INC.

401(k) SAFE HARBOR PLAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

	Fair Value December 31, 2010	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Quoted Prices for Similar Assets in Active or Non-active Markets (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments:				
Money market funds	\$ 1,642,083	\$ 1,642,083	\$ --	\$ --
Mutual funds:				
Growth	17,875,589	17,875,589	--	--
Index	4,022,976	4,022,976	--	--
Income	8,448,107	8,448,107	--	--
Capital appreciation	4,023,859	4,023,859	--	--
Bond	6,883,217	6,883,217	--	--
Total mutual funds	<u>41,253,748</u>	<u>41,253,748</u>	<u>--</u>	<u>--</u>
Common/collective fund	<u>9,714,780</u>	<u>--</u>	<u>9,714,780</u>	<u>--</u>
	<u>\$52,610,611</u>	<u>\$42,895,831</u>	<u>\$9,714,780</u>	<u>\$ --</u>

NOTE 4 - TAX STATUS

The Plan obtained its latest determination letter on December 12, 2002, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosures in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

CARDONE INDUSTRIES, INC.

401(k) SAFE HARBOR PLAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 5 - ADMINISTRATION OF PLAN ASSETS

The Plan's assets, which consist principally of investments, are held by TD Ameritrade Trust Company, the trustee of the Plan. Certain administrative functions are performed by employees of the Company. No employees received compensation from the Plan.

NOTE 6 - RECONCILIATION OF FINANCIAL STATEMENTS TO SCHEDULE H OF FORM 5500

The following is a reconciliation of employer contributions per the financial statements for the year ended December 31, 2010 to Schedule H of Form 5500:

	<u>2010</u>
Employer contributions per the financial statements	\$2,626,830
Add: Contribution receivable - prior year	<u>1,803,193</u>
Employer contributions per Schedule H of Form 5500	<u>\$4,430,023</u>

NOTE 7 - INVESTMENTS

The following table presents the fair value of investments that represent 5% or more of the Plan's net assets at December 31:

	<u>2011</u>	<u>2010</u>
Mutual Funds:		
American Capital World Growth & Income	\$3,394,434	\$3,337,097
American Bond Fund of America Class R-6	**	6,883,217
American Fundamental Investors Class R-6	2,896,314	2,906,651
American Growth Fund of America	5,875,581	6,184,398
American Investment Company of America	6,209,684	6,351,436
Loomis Sayles Core Plus Bond Y	7,594,262	**
Royce Pennsylvania Mutual Fund Invstmt C	2,924,290	3,045,062
Common/Collective Fund:		
Morley Stable Value Fund	8,996,890	9,714,780

**Fair value less than 5% at December 31

CARDONE INDUSTRIES, INC.

401(k) SAFE HARBOR PLAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 7 – INVESTMENTS (CONTINUED)

The Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) (depreciated) appreciated in value as follows:

	2011	2010
Mutual funds	\$ (807,507)	\$4,567,954
Common/collective fund	<u>170,364</u>	<u>187,329</u>
	<u>\$ (637,143)</u>	<u>\$4,755,283</u>

NOTE 8 - PLAN ASSET TRANSFERS

There were transfers of assets from the Cardone Industries, Inc. Employee Stock Ownership Plan due to participant diversifications totaling \$252,210 and \$212,014 for the years ended December 31, 2011 and 2010, respectively.

NOTE 9 - RELATED PARTY TRANSACTIONS

Certain plan investments are shares of funds managed by TD Ameritrade. TD Ameritrade is the custodian as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan for the investment management services amounted to \$11,233 and \$9,553 for the years ended December 31, 2011 and 2010, respectively.

NOTE 10 - RISKS AND UNCERTAINTIES

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

NOTE 11 – PARTIAL PLAN TERMINATION

During 2011, the Company conducted a strategic realignment of its plant operations. As a result of the realignment, a significant amount of the participants in the Plan were terminated from the Company. The decrease in plan participants has been deemed a partial termination of the Plan. As a result of the partial plan termination, the affected participants were 100% vested in their account balances. Amounts allocated to the affected participants, but not yet paid, totaled approximately \$4,000 at December 31, 2011.

CARDONE INDUSTRIES, INC.

401(k) SAFE HARBOR PLAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 11 - SUBSEQUENT EVENTS

The Plan's management has evaluated subsequent events to determine if events or transactions occurring through October 11, 2012, the date the financial statements were available for issuance, require potential adjustments to, or disclosure in, the accompanying financial statements. Based upon the evaluation, the Plan's management did not identify any subsequent events that require adjustment or disclosure in the financial statements.

CARDONE INDUSTRIES, INC.

401(k) SAFE HARBOR PLAN

EIN 23-1916269

PLAN #003

SCHEDULE H - ITEM 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) DECEMBER 31, 2011

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost (**)	Market Value
	<u>Money Market Funds:</u>			
*	TD Institution Money Market	Interest bearing cash		\$ 2,343,977
*	TD Institution Cash Money Market	Interest bearing cash		<u>75,990</u>
				<u>2,419,967</u>
	<u>Mutual Funds:</u>			
	Columbia Acorn Select Z	Mutual fund, 84,002 shares		1,984,121
	Royce Pennsylvania Mutual Fund	Mutual fund, 271,774 shares		2,924,290
	American Capital World Growth & Inc	Mutual fund, 105,680 shares		3,394,434
	American Fundamental Inv R-6	Mutual fund, 81,840 shares		2,896,314
	American Growth Fund of America	Mutual fund, 204,582 shares		5,875,581
	American Inc Fund of America	Mutual fund, 119,786 shares		2,008,807
	American Inv Co of America	Mutual fund, 229,309 shares		6,209,684
	American New World Fund R-6	Mutual fund, 30,334 shares		1,398,697
	Loomis Sayles Core Plus Bond Y	Mutual fund, 595,162 shares		7,594,262
	Thornburg International Value	Mutual fund, 84,777 shares		2,080,439
	Vanguard Total Bond Index - Signal	Mutual fund, 247,362 shares		2,720,983
	Vanguard 500 Idx Fund Signal	Mutual fund, 19,702 shares		<u>1,884,517</u>
				<u>40,972,129</u>
	<u>Common/Collective Fund:</u>			
*	Morley Stable Value - TDA	Common/collective fund, 379,215 shares		<u>8,996,890</u>
*	Notes Receivable from Participants	4.25% - 9.25% interest with varying maturity dates	\$ -0 -	<u>2,330,408</u>
			\$ -0 -	<u>\$54,719,394</u>
*	Party-in-Interest			

** Cost information not required for participant
related investments

See independent auditors' report

Attachment to 2011 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Cardone Industries, Inc. 401(k) Safe Harbor Plan

EIN: 23-1916269

Plan Sponsor's Name Cardone Industries, Inc.

PN: 003

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	American	Capital World Growth and Income		3,394,434
	American	Fundamental Investors Class R-6		2,896,314
	American	Growth Fund of America Class R		5,875,581
	American	Income Fund of America Class R		2,008,807
	American	Investment Company of America C		6,209,684
	American	New World Fund Class R-6		1,398,697
	Columbia	Acorn Select Fund Class Z		1,984,121

Attachment to 2011 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Cardone Industries, Inc. 401(k) Safe Harbor Plan

EIN: 23-1916269

Plan Sponsor's Name Cardone Industries, Inc.

PN: 003

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	Loomis	Sayles Core Plus Bond Y		7,594,262
	Morley Stable Value	II		8,767,452
	Pooled Loan Account	Interest Rates 4.25% to 9.25%		2,370,720
	Royce	Pennsylvania Mutual Fund Investment Company		2,924,290
	TD Bank	INSTL MMDA FTCIMA		2,343,976
	TD Bank	USA MMDA		75,990
	Thornburg	International Value Fund Class		2,080,439

Plan Name	Cardone Industries, Inc. 401(k) Safe Harbor Plan	EIN:	23-1916269
Plan Sponsor's Name	Cardone Industries, Inc.	PN:	003

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	Vanguard	500 Index Signal Shares		1,884,517
	Vanguard	Total Bond Market index Signal		2,720,983