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;
- [ ] 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
THE MORSE GROUP, INC. 401(K) DEFERRED COMPENSATION PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 10/01/1996

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

THE MORSE GROUP, INC.

500 WEST SOUTH STREET
FREEPORT, IL 61032-6836

2b Employer Identification Number (EIN) 26-1086212

2c Sponsor's telephone number 815-266-4200

2d Business code (see instructions) 238210

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.	10/13/2012	BRIAN L. SCOTT
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2012	BRIAN L. SCOTT
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
THE MORSE GROUP, INC.

500 WEST SOUTH STREET
FREEPORT, IL 61032-6836

3b Administrator's EIN
26-1086212

3c Administrator's telephone number
815-266-4200

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**	124
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**	131
b	Retired or separated participants receiving benefits	**6b**	3
c	Other retired or separated participants entitled to future benefits	**6c**	23
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	157
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	2
f	Total. Add lines **6d** and **6e**	**6f**	159
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	120
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	0
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2E 2F 2G 2J 2K 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)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

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

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

a Pension Schedules

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

b General Schedules

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

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

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

A Name of plan
THE MORSE GROUP, INC. 401(K) DEFERRED COMPENSATION PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
THE MORSE GROUP, INC.

D Employer Identification Number (EIN)
26-1086212

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).. . . . . [X] 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

FIDELITY INVESTMENTS

04-3523567

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

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

WIPFLI HEWINS INVESTMENT ADVISORS

94-3367699

(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?
26 27 50	NONE	27384	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

ALLIANCE BENEFIT GROUP - NCS

41-1737003

(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?
15 50	NONE	15980	Yes [ ] No [X]	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 [ ]

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

(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

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(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 H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection

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

A Name of plan
THE MORSE GROUP, INC. 401(K) DEFERRED COMPENSATION PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
THE MORSE GROUP, INC.

D Employer Identification Number (EIN)
26-1086212

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)	209834	248373
(2) Participant contributions	1b(2)	32714	2749
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	0	836
(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)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	4824435	5085589
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	5066983	5337547
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h	1246	0
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	1246	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	5065737	5337547

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)	248373	
	(B) Participants	2a(1)(B)	442935	
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		691308
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	1	
	(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)		
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		1
	(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)	95020	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		95020
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		-273410
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		512919
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	195789	
(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)		195789
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	15980	
(3) Investment advisory and management fees	2i(3)	29340	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		45320
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		241109
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		271810
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

(1) [ ] Unqualified (2) [ ] Qualified (3) [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: BAKER TILLY VIRCHOW KRAUSE, LLP (2) EIN: 39-0859910

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		506574
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ **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
THE MORSE GROUP, INC. 401(K) DEFERRED COMPENSATION PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
THE MORSE GROUP, INC.

D Employer Identification Number (EIN)
26-1086212

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** 0

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): 58-1428634

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):

THE MORSE GROUP, INC. 401(K) DEFERRED COMPENSATION PLAN

Freeport, Illinois

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of December 31, 2011 (Audited) and 2010 (Compiled)
and for the Year Ended December 31, 2011 (Audited)

THE MORSE GROUP, INC. 401(K) DEFERRED COMPENSATION PLAN

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As of December 31, 2011 (Audited) and 2010 (Compiled) and
For the Year Ended December 31, 2011 (Audited)

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Schedule of Assets (Held at End of Year)	12

Note: Supplemental schedules required by the Employee Retirement Income Security Act of 1974 not included as part of these statements are not applicable to the The Morse Group, Inc. 401(k) Deferred Compensation Plan.

BAKER TILLY

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bakertilly.com

INDEPENDENT AUDITORS' REPORT

To the Plan Sponsor
The Morse Group, Inc. 401(k) Deferred Compensation Plan
Freeport, Illinois

We were engaged to audit the accompanying statement of net assets available for benefits of The Morse Group, Inc. 401(k) Deferred Compensation Plan (the "plan") as of December 31, 2011 and the statement of changes in net assets available for benefits for the year then ended, and the supplemental schedules as listed in the accompanying table of contents. These financial statements and supplemental schedules are the responsibility of the plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 3, which was certified by Reliance Trust Company, the trustee of the plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee, as of December 31, 2011 and for the year then ended, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information in the plan's financial statements and supplemental schedule that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The supplemental schedules 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 supplemental schedules, other than that derived from the information certified by the trustee, 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.

We have compiled the accompanying statement of net assets available for benefits of the plan as of December 31, 2010 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of plan management. We have not audited or reviewed the accompanying statement of net assets available for benefits as of December 31, 2010 and, accordingly, do not express an opinion or any other form of assurance on it.

Baker Tilly Virchow Krause LLP

Janesville, Wisconsin
October 11, 2012

THE MORSE GROUP, INC. 401(K) DEFERRED COMPENSATION PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
As of December 31, 2011 (Audited) and 2010 (Compiled)

	(Audited) 2011	(Compiled) 2010
ASSETS		
Investments, at fair value	$ 5,058,707	$ 4,824,434
Receivables		
Participants' contributions	2,749	32,714
Company contribution	248,373	209,834
Total Receivables	251,122	242,548
Cash	27,718	-
Total Assets	5,337,547	5,066,982
LIABILITIES		
Accrued expenses	-	1,246
NET ASSETS AVAILABLE FOR BENEFITS	$ 5,337,547	$ 5,065,736

See accompanying notes to financial statements.

THE MORSE GROUP, INC. 401(K) DEFERRED COMPENSATION PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended December 31, 2011 (Audited)

ADDITIONS	
Additions to net assets attributed to	
Investment income	
Interest and dividends	$ 95,021
Contributions	
Participants'	442,935
Company	248,373
Total Contributions	691,308
Total Additions	786,329
DEDUCTIONS	
Deductions from net assets attributed to	
Net depreciation in fair value of investments	273,409
Benefits paid to participants	195,789
Administrative expenses	45,320
Total Deductions	514,518
Increase in Net Assets Available for Benefits	271,811
NET ASSETS AVAILABLE FOR BENEFITS - Beginning of Year	5,065,736
NET ASSETS AVAILABLE FOR BENEFITS - END OF YEAR	$ 5,337,547

See accompanying notes to financial statements.

NOTE 1 - Description of the Plan

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

General

The plan is a defined contribution plan established by The Morse Group, Inc. (the "company") and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The plan covers all non-collective bargaining employees who are age 21 or older. An employee is eligible to receive company contributions if the employee has completed at least 1 year of service with the company, as defined in the plan, and is age 21 or older. Upon enrollment in the plan, a participant may direct employer and employee contributions to any combination of available investment options. In addition, employees may choose to have their contributions directed to a self directed brokerage account, whereby they may have their funds directed to any number of investment options.

Contributions

Each year, participants may contribute up to 100% (90% for first year of participation) of pretax annual compensation (salary reduction contributions), as defined in the plan, with a maximum deferral limit as defined by the Internal Revenue Code. Participants may also contribute amounts representing distributions from other qualified plans (rollover contributions). Roth 401(k) deferrals are also allowed by the plan. The company may make additional contributions to the plan in the form of a safe harbor contribution, company match, and discretionary nonelective contributions. For the year ended December 31, 2011, the company made a safe harbor matching contribution equal to 100% of the first 3% of base compensation that a participant contributes to the plan, plus a match of 20% of salary deferrals up to 5% of base compensation. Total company contributions for the year ended December 31, 2011 were $248,373.

Participant Accounts

Each participant's account is credited with the participant's salary reduction contributions, rollover contributions, and an allocation of the company's contributions and plan earnings (net of administrative expenses). Allocations are based on the participant's eligible compensation or account balances, as defined in the plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

NOTE 1 - Description of the Plan (cont.)

Vesting

Participants are immediately vested in their salary reduction and rollover contributions plus earnings thereon. Participants who leave the plan because of death, early or normal retirement, or disability retirement, as defined in the plan, are considered 100% vested. Company safe harbor and matching contributions are immediately vested. Nonelective contributions and earnings thereon vest in accordance with provisions of the plan as follows:

Vesting Years of Service	Percentage Vested
Less than 1	0%
1	0%
2	50%
3	100%

Forfeited Accounts

As of December 31, 2011 and 2010, there were no forfeited nonvested accounts.

Payment of Benefits

Benefits may be paid to the participant or beneficiary upon death, disability, retirement, or termination of employment, as defined in the plan agreement. The plan provides for normal retirement at age 65, or on your fifth anniversary of joining the plan, if later, and early retirement on or after attaining age 55. The total vested portion of a participant's account balance is distributed in the form of a lump-sum payment. Participants experiencing financial hardship may withdraw a portion of this account balance as defined in the plan.

Termination of Plan

Although it has not expressed any intent to do so, the company has the right under the plan to terminate the plan at any time subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts.

Participant Loans

Participant loans are not allowed under the plan's provisions.

Administrative Expenses

The company pays a portion of the plan's administrative expenses for non self directed brokerage accounts. Participants choosing to participate in self directed brokerage accounts have all administrative fees applicable to those accounts charged directly to their accounts.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Accounting and Use of Estimates

The accompanying financial statements have been prepared on the accrual basis of accounting. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires the plan's management to use estimates and assumptions that affect the accompanying financial statements and disclosures. Actual results could differ from these estimates.

Investment Valuation and Income Recognition

The plan's investments in registered investment companies are valued at fair value using quoted market prices. 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. Refer to Note 4 - Fair Value of Financial Instruments for details on inputs, valuation techniques, and fair value measurement level within the fair value hierarchy.

Net appreciation or depreciation of investments included in the accompanying statement of changes in net assets available for benefits includes realized gains or losses from the sale of investments and unrealized appreciation or depreciation in the fair value of investments. Net unrealized appreciation or depreciation in the fair value of investments represents the net change in the fair value of the investments held during the period. The net realized gains or losses on the sale of investments represents the difference between the sale proceeds and the fair value of the investment as of the beginning of the period, or the cost of the investment if purchased during the year.

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.

Recent Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update No. 2010-06, "Fair Value Measurements and Disclosures," which requires new disclosures and provides clarification of existing disclosures about fair value measurements. More specifically, this update requires: (a) an entity to disclose separately the amounts of significant transfers in and out of Levels 1 and 2 fair value measurements and to describe the reasons for the transfers; and (b) information about purchases, sales, issuances, and settlements to be presented separately in the reconciliation for fair value measurements using significant unobservable inputs (Level 3 inputs). This guidance clarifies existing disclosure requirements for the level of disaggregation used for classes of assets and liabilities measured at fair value, and requires disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements using Level 2 and Level 3 inputs.

The update was effective for the 2010 plan year, except for the disclosure requirements related to the purchases, sales, issuances, and settlements in the rollforward activity of Level 3 fair value measurements. Those disclosure requirements will be effective for the 2011 plan year. The adoption of this guidance did not have a material impact on the plan's financial statements.

NOTE 2 - Summary of Significant Accounting Policies (cont.)

Recent Accounting Pronouncements (cont.)

In May 2011, the FASB issued Accounting Standards Update No. 2011-04, "Fair Value Measurement," which aligns disclosures related to fair value between U.S. GAAP and International Financial Reporting Standards. The standards update includes changes to the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and changes to the disclosure of information about fair value measurements. More specifically, the changes clarify the intent of the FASB regarding the application of existing fair value measurements and disclosures as well as changing some particular principles or requirements for measuring fair value or for disclosing information about fair value measurements. This update will be effective for the plan in 2012. The plan is evaluating the impact that the application of this update will have on its financial statements.

Payment of Benefits

Benefits are recorded when paid.

NOTE 3 - Information Prepared and Certified by Trustee (Unaudited)

The following information included in the accompanying financial statements and supplemental schedule was obtained from data that has been prepared and certified to as complete and accurate by Reliance Trust Company, the trustee of the plan, as of December 31.

	(Audited) 2011		(Compiled) 2010	
Investments, at fair value				
Cash and cash equivalents:				
Fidelity Cash Reserves	$ 836		$ 880	
Fidelity Trust Retirement Money Market Portfolio	1,196,392	*	1,335,394	*

NOTE 3 - Information Prepared and Certified by Trustee - Unaudited (cont.)

	(Audited) 2011		(Compiled) 2010	
Shares of registered investment companies:				
DFA Emerging Markets Core Equity Portfolio	145,137		113,912	
DFA Emerging Markets Value Portfolio	206,921		253,398	*
DFA Global Real Estate Securities Portfolio	123,006		117,590	
DFA Inflation Protected Securities	197,798		109,114	
DFA International Core Equity Portfolio	678,788	*	704,891	*
DFA International Small Cap Value Portfolio	7,896		6,756	
DFA Large Cap International Portfolio	5,752		2,693	
DFA Two-Year Global Fixed Income Portfolio	538,072	*	482,252	*
DFA U.S. Core Equity 2 Portfolio	1,335,450	*	1,270,747	*
DFA US Micro Cap Portfolio	93,682		1,431	
DFA US Small Cap Portfolio	44,118		11,435	
DFA US Small Cap Value Portfolio	85,448		3,675	
Dimensional Global 60/40 Portfolio	31,477		32,410	
Dimensional International Value Portfolio II I	4,527		4,633	
Dimensional US Large Cap Value Portfolio III	6,966		18,848	
Dimensional US Large Company Portfolio	4,824		4,476	
Fidelity Advisor Inflation-Protected Bond Fund I	351,480	*	335,652	*
Fidelity Spartan Intermediate Treasury Bond Index	137		14,247	
Total Investments	$ 5,058,707		$ 4,824,434	

Investments that represent 5% or more of the plan's net assets are separately identified with an "*".

During the year ended December 31, 2011, the plan's investments (including gains and losses on investments bought, sold, and held during the year) reported investment income (loss) as follows:

Net depreciation in fair value of investments Registered investment companies	$ (273,409)
Interest and dividends	95,021
Net Investment Income (Loss) Certified by Trustee	$ (178,388)

Investments, in general, are subject to various risks, including credit, interest, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the statements of net assets available for benefits.

NOTE 4 - Fair Value of Financial Instruments

The plan follows accounting principles generally accepted in the United States of America for measuring, reporting, and disclosing fair value. These standards apply to all assets and liabilities that are measured, reported, and/or disclosed on a fair value basis.

As defined in the accounting standards, 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. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported, and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Inputs to the valuation methodology are unadjusted quoted market prices for identical assets in active markets that the plan has the ability to access.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data. 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.

Level 3 - Inputs that are unobservable and not corroborated by market data.

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

The 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.

Cash and cash equivalents: Valued at cost, which approximates the fair value of the net asset value of shares held at year-end due to the short maturity of these instruments.

Registered investment companies: Valued at the closing price reported on the active market on which the individual securities are traded.

The plan sponsor is responsible for the determination of fair value. Accordingly, they perform periodic analysis on the prices received from the pricing services used to determine whether the prices are reasonable estimates of fair value. As a result of these reviews, the plan sponsor has not historically adjusted the prices obtained from the pricing services. 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.

NOTE 4 - Fair Value of Financial Instruments (cont.)

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy.

	December 31, 2011 (Audited)			
	Total	Level 1	Level 2	Level 3
Registered investment companies:				
Large cap equity funds	$ 11,790	$ 11,790	$ -	$ -
Mid cap equity funds	1,335,450	1,335,450	-	-
Small cap equity funds	223,248	223,248	-	-
International equity funds	1,049,021	1,049,021	-	-
Growth funds	229,275	229,275	-	-
Fixed income funds	889,689	889,689	-	-
Other funds	123,006	123,006	-	-
Cash and cash equivalents	1,197,228	-	1,197,228	-
Total Investments	$ 5,058,707	$ 3,861,479	$ 1,197,228	$ -
Cash	$ 27,718	$ -	$ 27,718	$ -

	December 31, 2010 (Compiled)			
	Total	Level 1	Level 2	Level 3
Registered investment companies:				
Large cap equity funds	$ 23,324	$ 23,324	$ -	$ -
Mid-cap equity funds	1,270,747	1,270,747	-	-
Small cap equity funds	16,541	16,541	-	-
International equity funds	1,086,283	1,086,283	-	-
Growth funds	141,524	141,524	-	-
Fixed income funds	832,151	832,151	-	-
Other funds	117,590	117,590	-	-
Cash and cash equivalents	1,336,274	-	1,336,274	-
Total Investments	$ 4,824,434	$ 3,488,160	$ 1,336,274	$ -

NOTE 5 - Amount Owed to Participants Withdrawing From the Plan

There were no amounts owed from the plan to participants who had withdrawn from the plan as of December 31, 2011 and 2010.

NOTE 6 - Parties In Interest

Certain plan investments are managed by the trustee and custodian as defined by the plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the plan to the trustee, custodian and advisor for the investment management services amounted to $45,320 for the year ended December 31, 2011.

NOTE 7 - Tax Status

The plan obtained its latest determination letter on December 5, 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 (IRC). The plan has been amended since receiving the determination letter. The plan administrator believes that the plan, as amended, is designed and being operated in compliance with the applicable requirements of the IRC. Therefore, the plan administrator believes that the plan was qualified and the related trust was tax-exempt at the financial statement date.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the plan, and has concluded that as of December 31, 2011 and 2010, there are no uncertain positions taken or expected to be taken. The plan has recognized no interest or penalties related to uncertain tax positions. 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 the plan is no longer subject to income tax examinations for years prior to 2008.

NOTE 8 - Subsequent Events

The plan has evaluated subsequent events occurring through October 11, 2012, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the plan's financial statements.

SUPPLEMENTAL INFORMATION

THE MORSE GROUP, INC. 401(K) DEFERRED COMPENSATION PLAN

SCHEDULE H, LINE 4(i) - ASSETS (HELD AT END OF YEAR)
Plan 001
EIN 26-1086212
As of December 31, 2011

(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
	Dimensional	DFA Emerging Markets Core Equity Portfolio	**	$ 145,137
	Dimensional	DFA Emerging Markets Value Portfolio	**	206,921
	Dimensional	DFA Global Real Estate Securities Portfolio	**	123,006
	Dimensional	DFA Inflation Protected Securities	**	197,798
	Dimensional	DFA International Core Equity Portfolio	**	678,788
	Dimensional	DFA International Small Cap Value Portfolio	**	7,896
	Dimensional	DFA Large Cap International Portfolio	**	5,752
	Dimensional	DFA Two-Year Global Fixed Income Portfolio	**	538,072
	Dimensional	DFA U.S. Core Equity 2 Portfolio	**	1,335,450
	Dimensional	DFA US Micro Cap Portfolio	**	93,682
	Dimensional	DFA US Small Cap Portfolio	**	44,118
	Dimensional	DFA US Small Cap Value Portfolio	**	85,448
	Dimensional	Dimensional Global 60/40 Portfolio	**	31,477
	Dimensional	Dimensional International Value Portfolio II I	**	4,527
	Dimensional	Dimensional US Large Cap Value Portfolio III	**	6,966
	Dimensional	Dimensional US Large Company Portfolio	**	4,824
*	Fidelity	Fidelity Advisor Inflation-Protected Bond Fund I	**	351,480
*	Fidelity	Fidelity Cash Reserves	**	836
*	Fidelity	Fidelity Trust Retirement Money Market Portfolio	**	1,196,392
*	Fidelity	Fidelity Spartan Intermediate Treasury Bond Index	**	137
	State Bank	Non-interest bearing cash	**	27,718
				$ 5,086,425

* Represents a party in interest
** Cost omitted for participant directed investments

This schedule has been prepared based on information certified as complete and accurate by Reliance Trust Company, trustee.

THE MORSE GROUP, INC. 401(K) DEFERRED COMPENSATION PLAN

SCHEDULE H, LINE 4(i) - ASSETS (HELD AT END OF YEAR)
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