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
LERCH BATES 401(K) RETIREMENT PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 11/01/1982

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

LERCH BATES INC.

8089 S LINCOLN ST STE 300
LITTLETON, CO 80122-2721

2b Employer Identification Number (EIN)
36-2285171

2c Sponsor's telephone number
303-795-7956

2d Business code (see instructions)
541330

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.	10/15/2012	TODD VANMALDEGHEM
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2012	TODD VANMALDEGHEM
	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")
LERCH BATES INC.

8089 S LINCOLN ST STE 300
LITTLETON, CO 80122-2721

3b Administrator's EIN
36-2285171

3c Administrator's telephone number
303-795-7956

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

4b EIN

a Sponsor's name
LERCH, BATES & ASSOCIATES, INC

4c PN

5	Total number of participants at the beginning of the plan year	**5**	154
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**	134
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	22
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	156
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	156
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	130
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 2S 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)	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
LERCH BATES 401(K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
LERCH BATES INC.

D Employer Identification Number (EIN)
36-2285171

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

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(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)

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(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 37 50 64	CONTRACT ADMINISTRATOR	1419	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [ ] No [X]

(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 [ ]

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

(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

(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

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
LERCH BATES 401(K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
LERCH BATES INC.

D Employer Identification Number (EIN)
36-2285171

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	0
(2) Participant contributions	1b(2)	0	0
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(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)	99131	196851
(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)	11941714	12302356
(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	12040845	12499207
Liabilities			
g Benefit claims payable	1g	0	
h Operating payables	1h	0	
i Acquisition indebtedness	1i	0	
j Other liabilities	1j	0	
k Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	12040845	12499207

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)	497677	
(B) Participants	2a(1)(B)	812590	
(C) Others (including rollovers)	2a(1)(C)	0	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		1310267
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)	6854	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		6854
(2) Dividends: **(A)** Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	216496	
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		216496
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0

			(a) Amount	(b) Total
2b	**(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)	0	
	(B) Other	2b(5)(B)	0	
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		0
	(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
	(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
	(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
	(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
	(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		-331178
c	Other income	2c		0
d	Total income. Add all **income** amounts in column (b) and enter total	2d		1202439
	Expenses			
e	Benefit payment and payments to provide benefits:			
	(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	742658	
	(2) To insurance carriers for the provision of benefits	2e(2)	0	
	(3) Other	2e(3)	0	
	(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		742658
f	Corrective distributions (see instructions)	2f		0
g	Certain deemed distributions of participant loans (see instructions)	2g		0
h	Interest expense	2h		
i	Administrative expenses: **(1)** Professional fees	2i(1)	0	
	(2) Contract administrator fees	2i(2)	1419	
	(3) Investment advisory and management fees	2i(3)	0	
	(4) Other	2i(4)	0	
	(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		1419
j	Total expenses. Add all **expense** amounts in column (b) and enter total	2j		744077
	Net Income and Reconciliation			
k	Net income (loss). Subtract line **2j** from line **2d**	2k		458362
l	Transfers of assets:			
	(1) To this plan	2l(1)		0
	(2) From this plan	2l(2)		0

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: SPICER JEFFRIES LLP **(2)** EIN: 84-1210311

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		200
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	0
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	0
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	0
e	Was this plan covered by a fidelity bond?	**4e**	X		1280000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	**4f**		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	**4g**		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	**4h**		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	**4i**	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	**4j**		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	**4k**		X	
l	Has the plan failed to provide any benefit when due under the plan?	**4l**		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	**4m**		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	**4n**			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

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

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

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
LERCH BATES 401(K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
LERCH BATES INC.

D Employer Identification Number (EIN)
36-2285171

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): 42-0127290

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):

LERCH BATES 401(K) RETIREMENT PLAN

FINANCIAL STATEMENTS

YEARS ENDED
DECEMBER 31, 2011 AND 2010

LERCH BATES 401(K) RETIREMENT PLAN

CONTENTS

	Page(s)
Independent Auditors' Report	3
Statements of Net Assets Available for Benefits	4
Statement of Changes in Net Assets Available for Benefits	5
Notes to Financial Statements	6 – 12
Supplemental Schedule:	
Schedule H, line 4i – Schedule of Assets (Held at End of Year)	13

SPICER JEFFRIES LLP
CERTIFIED PUBLIC ACCOUNTANTS
5251 SOUTH QUEBEC STREET • SUITE 200
GREENWOOD VILLAGE, COLORADO 80111
TELEPHONE: (303) 753-1959
FAX: (303) 753-0338
www.spicerjeffries.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Lerch Bates Inc., Sponsor
Lerch Bates 401(k) Retirement Plan

We were engaged to audit the accompanying statement of net assets available for benefits of Lerch, Bates 401(k) Retirement Plan as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011 and the supplemental schedules of (1) Schedule H, line 4i—Schedule of Assets Held (At End of Year) and (2) Schedule H, line 4j—Schedule of Reportable Transactions as of or for the year ended December 31, 2011. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 8, which was certified by Principal Financial Group, the trustee of the Plan, except for comparing the information with the related information included in the 2011 and 2010 financial statements and the 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 and for the year ended December 31, 2011 and 2010, respectively, that the information provided by the Plan administrator to the trustee is complete and accurate.

Because of the significance of the information in the Plan's 2011 financial statements and supplemental schedules that we did not audit, we are unable to, and do not, express an opinion on the accompanying 2011 financial statements and supplemental schedules taken as a whole. The form and content of the information included in the 2011 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.

Spicer Jeffries LLP

Greenwood Village, Colorado
October 11, 2012

Member of msi Global Alliance Independent Legal & Accounting Firms

LERCH, BATES 401(K) RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2011 AND 2010

	December 31, 2011	December 31, 2010
INVESTMENTS, at fair value:		
Participant directed accounts (Notes 4 and 8)	$ 12,302,356	$ 11,941,714
RECEIVABLES:		
Participant loans (Note 1)	196,851	99,131
Total assets	12,499,207	12,040,845
LIABILITIES	-	-
NET ASSETS AVAILABLE FOR BENEFITS	**$ 12,499,207**	**$ 12,040,845**

The accompanying notes are an integral part of these statements.

LERCH, BATES 401(K) RETIREMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2011

ADDITIONS:	
ADDITIONS TO NET ASSETS ATTRIBUTED TO:	
Investment income (loss):	
Net depreciation in fair value of investments	$ (331,178)
Interest and dividends on investments	216,496
Interest on participant loans	6,854
Total investment loss	(107,828)
CONTRIBUTIONS:	
Participants	812,590
Employer	497,677
Total contributions	1,310,267
Total additions	1,202,439
DEDUCTIONS:	
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:	
Benefits paid to participants	742,658
Administrative expenses	1,419
Total deductions	744,077
NET INCREASE	458,362
NET ASSETS AVAILABLE FOR PLAN BENEFITS:	
Beginning of year	12,040,845
End of year	**$ 12,499,207**

The accompanying notes are an integral part of this statement.

NOTE 1 - DESCRIPTION OF PLAN

The following description of the Lerch Bates 401(k) Retirement 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.

1. General – The Plan is a defined contribution plan sponsored by Lerch, Bates Inc. (the "Company") covering substantially all domestic employees who have completed one hour of service with the Company and are at least 21 years old. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

2. Plan Administration - The Plan is administered by Lerch Bates Inc. The Plan's trustee and custodian, Principal Financial Group, Inc. (the "Trustee" and "Custodian"), serves as recordkeeper and maintains the Plan's records.

3. Contributions – As of January 1, 2007 the Plan was amended and became a safe-harbor plan whereby 100% of employee contributions are matched by the Lerch Bates Inc. up to 6% of eligible compensation and the participants are fully vested in the contributions made by the Company. Additionally, there are no forfeited non-vested accounts.

For the year ended December 31, 2011, the Company made $497,677 in safe-harbor contributions, but did not make any discretionary contributions.

4. Payment of Benefits - On retirement, death, or disability, a participant (or participant's beneficiary in the event of death) may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, monthly income for life with no payments payable after death, monthly income for life with a percentage of monthly income to continue for a lifetime of a survivor or a monthly income paid for a fixed period of time or a series of flexible payments in which the participant chooses the amount received each year. Terminated participants that do not have more than $1,000 in their vested account will be paid in a single lump sum. If there is more than $1,000 in a terminated participant's vested account, they may choose to leave the account in the Plan or have all or part of their vested account paid to them by choosing one of the options of payment as if they retired. Participants may also choose to roll their vested account over to another qualified plan. In addition, hardship distributions are permitted if certain criteria are met.

5. Participant Accounts - Individual accounts are maintained for each of the Plan's participants to reflect the participant's contributions and related employer matching and discretionary contributions, as well as the participant's share of the Plan's earnings and any related administrative expenses. Allocations are based on participant earnings or account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Participants have the option of investing their account balances in 21 various mutual funds provided by Principal Financial Group, Inc. Participants may change the investment allocation of their accounts on a monthly basis.

***NOTE 1 - DESCRIPTION OF PLAN** (concluded)*

6. Participant Loans Receivable - Participants may borrow a minimum of $100 and a maximum equal to 50 percent of their account balance not to exceed $50,000. Loan terms range from 1 to 4 years. The loans are secured by the vested balance in the participant's account and bear interest at a rate commensurate with the prime rate of interest as published in the Wall Street Journal plus one percent. Principal and interest are paid through regular payroll deductions. A $100 loan origination fee and a $2 monthly maintenance fee are charged to the participant's pretax account. As of December 31, 2011, the Plan had 22 outstanding loan balances bearing interest ranging from 4.25% to 9.00% and maturing at various dates through October 15, 2015.

7. Vesting – Participants are vested immediately in their contributions plus earnings thereon. The Plan is considered a safe harbor plan and accordingly, participants are fully vested in the employee matching contributions.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting and Trading and Valuation of Investments

The Plan records its securities transactions on a trade-date basis. Realized gains or losses are recorded upon disposition of investments calculated based upon the difference between the proceeds and the cost basis determined using the specific identification method. All other changes in the valuation of portfolio investments are included as changes in the unrealized appreciation or depreciation of investments in the statement of operations. Dividend income is recorded on the ex-dividend date and interest income and expense are recorded on the accrual basis.

The Plan values its investments in accordance with Accounting Standards Codification 820 - Fair Value Measurements ("ASC 820"). Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Plan uses various valuation approaches. ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Plan. Unobservable inputs reflect the Plan's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Plan has the ability to access. Valuation adjustments and blockage discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and

***NOTE 2 - SUMMARY OF ACCOUNTING POLICIES** (continued)*

***Basis of Accounting and Trading and Valuation of Investments** (continued)*

regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the Plan in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined by the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Plan's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Plan uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

The Plan's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC - 820. See above for a discussion of the Plan's policies. The following tables present information about the Plan's assets measured at fair value as of December 31, 2011 and 2010:

***NOTE 2 - SUMMARY OF ACCOUNTING POLICIES** (continued)*

***Basis of Accounting and Trading and Valuation of Investments** (concluded)*

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2011
Mutual Funds	$ 12,302,356	$ -	$ -	$ 12,302,356

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2010
Mutual Funds	$ 11,941,714	$ -	$ -	$ 11,941,714

The fair value of mutual funds and money market mutual funds are determined by the net asset value held by the Plan at year end.

The Partnership did not have any significant transfers between Level 1 and Level 2 during the years ended December 31, 2011 and 2010.

Use of Estimates

The preparation 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, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Income Recognition

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

Administrative Expenses

Certain expenses incurred in connection with the general administration of the Plan are paid by the Plan and are recorded in the accompanying statement of changes in net assets available for benefits as administrative expenses. All other Plan expenses are paid by the Company.

***NOTE 2 - SUMMARY OF ACCOUNTING POLICIES** (concluded)*

Payment of Benefits

Benefits are recorded when paid.

Risks and Uncertainties

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

NOTE 3 - PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by the Principal Financial Group, the custodian and trustee, and therefore, these transactions qualify as party-in-interest transactions. These transactions are not considered prohibited transactions under section 408(b) of the ERISA regulations. Fees paid by the Plan for the investment management services amounted to $1,419 for the year ended December 31, 2011.

NOTE 4 - INVESTMENTS

At December 31, 2011 and 2010, the fair value of individual investments which exceeded 5% of net assets available for benefits is as follows:

	Shares	December 31, 2011
Investments greater than 5% of Plan Net Assets		
Principal FDS, Inc. Money Market	1,932,001	$ 1,932,001
American Funds Growth Fund of America A	66,580	1,912,853
American Funds New Perspective A	55,028	1,439,540
American Funds Inc Fund of America A	77,192	1,293,740
PIMCO Total Return A	112,009	1,217,539
Vanguard Inflation-Protected Secs Adm	28,430	787,793
Vanguard Windsor II Adm	16,269	744,287
	2,287,509	9,327,753
Other investments not in excess of 5% of Plan Net Assets	159,008	2,974,603
Total investments	**2,446,517**	**$ 12,302,356**

***NOTE 4 - INVESTMENTS** (concluded)*

	Shares	December 31, 2010
Investments greater than 5% of Plan Net Assets		
American Funds Growth Fund of America A	85,040	$ 2,588,619
American Funds New Perspective A	70,199	2,009,096
American Funds Income Fund of America A	79,922	1,322,712
PIMCO Total Return A	97,024	1,052,721
Principal Money Market Institutional Fund	755,483	755,483
Oakmark International Fund I Fund	36,156	701,788
Vanguard Windsor II ADM Fund	14,694	669,464
	1,138,518	9,099,883
Other investments not in excess of 5% of Plan Net Assets	269,478	2,841,831
Total investments	**$ 1,407,996**	**$ 11,941,714**

During 2011, the Plan's mutual fund investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value by $331,178.

NOTE 5 - TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated May 21, 2003, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan's Sponsor and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

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 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 disclosure 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 the years prior to 2008.

NOTE 6 - PLAN TERMINATION

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

NOTE 7 - 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 that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

NOTE 8 - INFORMATION CERTIFIED BY THE PLAN'S TRUSTEE

The Plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the Trustee has certified that the following data included in the accompanying financial statements and supplemental schedule is complete and accurate.

	December 31, 2011	December 31, 2010
Investments, at fair value:		
Participant directed investments	$ 12,302,356	$ 11,941,714
Participant Loans	196,851	99,131
	$ 12,499,207	**$ 12,040,845**

The Plan's independent accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedules.

NOTE 9 - SUBSEQUENT EVENTS

The Plan has performed an evaluation of subsequent events through October 11, 2012, which is the date the financial statements were available to be issued. The evaluation did not result in any additional subsequent events that required disclosures and/or adjustments.

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

LERCH BATES 401(K) RETIREMENT PLAN

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

Name of Plan Sponsor: Lerch Bates Inc.
Employer Identification Number: 36-2285171
Three-Digit Plan Number: 001

Identity of Issue, Borrower, Lessor, or Similar Party		Description of Investment Including, Maturity Date, rate of Interest, Collateral, Par or Maturity Value		Current Value
		Short Term and Other Investments - Money Market Funds		
Principal Global Investors	*	Principal FDS, Inc. Money Market	**	$ 1,932,001
		United States Mutual Funds		
The American Funds		American Funds Growth Fund of America A	**	1,912,853
The American Funds		American Funds New Perspective A	**	1,439,540
The American Funds		American Funds Inc Fund of America A	**	1,293,740
PIMCO		PIMCO Total Return A	**	1,217,539
Vanguard Group		Vanguard Inflation-Protected Secs Adm	**	787,793
Vanguard Group		Vanguard Windsor II Adm	**	744,287
Oakmark Mutual Funds		Oakmark International I	**	461,079
T. Rowe Price Associates, Inc.		T. Rowe Price Retirement 2020	**	416,223
Allianz		Allianz NFJ Small Cap Value A	**	389,887
PIMCO		PIMCO High Yield A	**	333,451
Baron Capital		Baron Growth Retail Fund	**	332,913
Vanguard Group		Vanguard Mid-cap Index Signal	**	275,552
T. Rowe Price Associates, Inc.		T. Rowe Price Retirement 2030	**	224,864
Vanguard Group		Vanguard 500 Index Signal Fund	**	179,146
T. Rowe Price Associates, Inc.		T. Rowe Price Retirement 2040	**	127,788
T. Rowe Price Associates, Inc.		T. Rowe Price Retirement 2010	**	89,725
Vanguard Group		Vanguard Total International Stock Index Signal	**	67,798
T. Rowe Price Associates, Inc.		T. Rowe Price Retirement Income	**	52,215
Cohen & Steers Mutual Funds		Cohen & Steers Institutional Global Reality	**	15,644
T. Rowe Price Associates, Inc.		T. Rowe Price Retirement 2050	**	8,318
		Total United States Mutual Funds		**$ 12,302,356**
		Participant Loans		
Participant loans	*	Bearing interest from 4.25% to 9.00% maturing at various dates through October 15, 2015	**	**$ 196,851**

* Party-in-interest
** Historical cost is disclosed only for non-participant investments.

The above information has been certified by Principal Financial Group, the Trustee, as complete and accurate.

F051TF

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

LERCH BATES 401(K) RETIREMENT PLAN

EIN 36 2285171
PLAN NUMBER 001
PLAN YEAR 01/01/2011 TO 12/31/2011

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
	Allianz	Registered Investment Company Allianz NFJ SmCap Value A Fund	$ 0.00	$ 389,887.36
	The American Funds	Registered Investment Company Am Fnd Gth Fnd Of Am A Fun	$ 0.00	$ 1,912,852.72
	The American Funds	Registered Investment Company Am Fnd Inc Fund Of Am A Fund	$ 0.00	$ 1,293,739.47
	The American Funds	Registered Investment Company American Funds New Prsp A Fund	$ 0.00	$ 1,439,538.94
	Baron	Registered Investment Company Baron Growth Fund	$ 0.00	$ 332,913.95
	Cohen & Steers	Registered Investment Company Cohen & Steers Instl Glbl Rlty	$ 0.00	$ 15,643.72
	Oakmark	Registered Investment Company Oakmark International I Fund	$ 0.00	$ 461,078.63
*	Principal Funds Inc	Registered Investment Company Prin Money Market Inst Fund	$ 0.00	$ 1,932,001.46
	PIMCO Funds	Registered Investment Company PIMCO High Yield A Fund	$ 0.00	$ 333,450.71
	PIMCO Funds	Registered Investment Company PIMCO Total Return A Fund	$ 0.00	$ 1,217,538.49
	T. Rowe Price Funds	Registered Investment Company T. Rowe Price Rtmt Income Fund	$ 0.00	$ 52,215.43
	T. Rowe Price Funds	Registered Investment Company T. Rowe Price Rtmt 2010 Fund	$ 0.00	$ 89,725.10
	T. Rowe Price Funds	Registered Investment Company T. Rowe Price Rtmt 2020 Fund	$ 0.00	$ 416,223.42
	T. Rowe Price Funds	Registered Investment Company T. Rowe Price Rtmt 2030 Fund	$ 0.00	$ 224,864.01
	T. Rowe Price Funds	Registered Investment Company T. Rowe Price Rtmt 2040 Fund	$ 0.00	$ 127,787.61

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

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

LERCH BATES 401(K) RETIREMENT PLAN

EIN 36 2285171
PLAN NUMBER 001
PLAN YEAR 01/01/2011 TO 12/31/2011

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
	T. Rowe Price Funds	Registered Investment Company T. Rowe Price Rtmt 2050 Fund	$ 0.00	$ 8,317.89
	Vanguard Group	Registered Investment Company Vanguard Windsor II Adm Fund	$ 0.00	$ 744,287.29
	Vanguard Group	Registered Investment Company VANG TOTAL INTL STK IDX SIG FD	$ 0.00	$ 67,798.43
	Vanguard Group	Registered Investment Company VANGUARD MID CAP INDEX SIG FD	$ 0.00	$ 275,552.49
	Vanguard Group	Registered Investment Company VANGUARD 500 INDEX SIGNAL FUND	$ 0.00	$ 179,145.69
	Vanguard Group	Registered Investment Company VNGRD INFL-PROT SEC ADMRL FUND	$ 0.00	$ 787,793.44
	Participant Loans	Range of Interest Rates Rates Range From 4.25% To 9.00%	$ 0.00	$ 196,851.00

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