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
SENIOR RESOURCE GROUP 401(K) RETIREMENT PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/2002

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

SRG OPERATING, INC.

500 STEVENS AVENUE SUITE 100
SOLANA BEACH, CA 92075

2b Employer Identification Number (EIN)
91-2160583

2c Sponsor's telephone number
858-792-9300

2d Business code (see instructions)
531390

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	FRANK V. LEVETT
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2012	FRANK V. LEVETT
	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")
SRG OPERATING, INC.

500 STEVENS AVENUE SUITE 100
SOLANA BEACH, CA 92075

3b Administrator's EIN
91-2160583

3c Administrator's telephone number
858-792-9300

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**	1477
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**	1672
b	Retired or separated participants receiving benefits	**6b**	5
c	Other retired or separated participants entitled to future benefits	**6c**	75
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	1752
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	1752
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	467
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	38
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 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	**B** Three-digit plan number (PN) ▶
SENIOR RESOURCE GROUP 401(K) RETIREMENT PLAN	001

C Plan sponsor's name as shown on line 2a of Form 5500	**D** Employer Identification Number (EIN)
SRG OPERATING, INC.	91-2160583

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

CAPITAL RESEARCH & MANAGEMENT CO.

95-1411037

(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)

CAPITAL RESEARCH & MANAGEMENT CO.

95-1411037

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 52 60 62 25 49 72	RECORDKEEPER	26	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] 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 [ ]

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
SENIOR RESOURCE GROUP 401(K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
SRG OPERATING, INC.

D Employer Identification Number (EIN)
91-2160583

Part I Asset and Liability Statement

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

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	0
(2) Participant contributions	1b(2)	0	0
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	477381	541024
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans	1c(8)	0	0
(9) Value of interest in common/collective trusts	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	0	0
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	5529404	5464647
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)	0	0

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)	0	0
(2) Employer real property	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	6006785	6005671
Liabilities			
g Benefit claims payable	1g	0	0
h Operating payables	1h		
i Acquisition indebtedness	1i	0	0
j Other liabilities	1j	0	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	6006785	6005671

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)	270167	
(B) Participants	2a(1)(B)	683163	
(C) Others (including rollovers)	2a(1)(C)	5202	
(2) Noncash contributions	2a(2)	0	
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		958532
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	10	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)	0	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		10
(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)	100662	
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		100662
(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)		-269650
c	Other income	2c		-553
d	Total income. Add all **income** amounts in column (b) and enter total	2d		789001
	Expenses			
e	Benefit payment and payments to provide benefits:			
	(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	772952	
	(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)		772952
f	Corrective distributions (see instructions)	2f		17137
g	Certain deemed distributions of participant loans (see instructions)	2g		0
h	Interest expense	2h		0
i	Administrative expenses: **(1)** Professional fees	2i(1)	0	
	(2) Contract administrator fees	2i(2)	26	
	(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)		26
j	Total expenses. Add all **expense** amounts in column (b) and enter total	2j		790115
	Net Income and Reconciliation			
k	Net income (loss). Subtract line **2j** from line **2d**	2k		-1114
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: WILLIAM H. LING CPA **(2)** EIN: 33-0558553

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		5790
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		2000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? **4f**		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? **4g**		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? **4h**		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) **4i**	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) **4j**		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? **4k**		X	
l	Has the plan failed to provide any benefit when due under the plan? **4l**		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) **4m**		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. **4n**		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? 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
SENIOR RESOURCE GROUP 401(K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
SRG OPERATING, INC.

D Employer Identification Number (EIN)
91-2160583

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): 20-3691658

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):

WILLIAM H. LING
Certified Public Accountant

SENIOR RESOURCE GROUP 401(K) RETIREMENT PLAN

FINANCIAL STATEMENTS,

SUPPLEMENTAL SCHEDULES

AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

4669 Murphy Canyon Road
Suite 130
San Diego, CA 92123

858/467-4770
FAX 858/467-4779
wling@whling.com

SENIOR RESOURCE GROUP 401(K) RETIREMENT PLAN

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of net assets available for plan benefits	2
Statements of changes in net assets available for plan benefits	3
Notes to financial statements	4 - 12
SUPPLEMENTAL SCHEDULES	
Schedules of assets held for investment	14 – 15
Schedules of participant delinquent transactions	16 - 17

WILLIAM H. LING
Certified Public Accountant
4669 Murphy Canyon Road, Suite 130
San Diego, California 92123
Tel. (858) 467-4770 Fax (858) 467-4779
wling@whling.com

INDEPENDENT AUDITOR'S REPORT

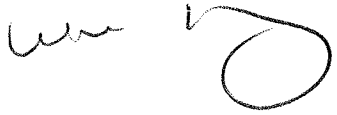
To the Participants and Administrative Committee of
the Senior Resource Group 401(k) Retirement Plan

I was engaged to audit the financial statements of the Senior Resource Group 401(k) Retirement Plan as of December 31, 2011 and 2010 and for the years then ended and the supplemental schedules as of and for the years ended December 31, 2011 and 2010, as listed in the accompanying index. These financial statements and 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 me not to perform, and I did not perform, any auditing procedures with respect to the information summarized in Note 4 which was certified by Capital Bank and Trust, the Plan custodian, except for comparing the information with the related information included in the financial statements and supplemental schedules. I have been informed by the plan administrator that the Plan custodian holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the Plan custodian as of and for the years ended December 31, 2011 and 2010 that the information provided to the plan administrator is complete and accurate.

Because of the significance of the information that I did not audit, I am unable to, and do not, express an opinion on the accompanying financial statements and schedules taken as a whole. The supplemental schedules are presented for the purpose of additional analysis and are not a required part of the financial statements but are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements and schedules, other than that derived from the information certified by the Plan custodian, have been audited by me in accordance with auditing standards generally accepted in the United States of America and, in my 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.

San Diego, California
October 11, 2012



SENIOR RESOURCE GROUP 401(K) RETIREMENT PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
DECEMBER 31, 2011 AND 2010

	2011	2010
ASSETS		
Investments, at fair value		
Money Market	$ 541,024	$ 477,382
Mutual Funds	5,306,015	5,305,250
Bond Funds	158,631	224,153
Total Investments	6,005,670	6,006,785
Receivables		
Employee Contributions	-	9,357
Employer Contributions	-	4,122
Total Receivables	-	13,479
Total Assets	6,005,670	6,020,264
LIABILITIES		
Accrued Corrective Distributions	26,831	15,337
Contingencies		
NET ASSETS AVAILABLE FOR PLAN BENEFITS AT FAIR VALUE	$ 5,978,839	$ 6,004,927

See notes to financial statements.

SENIOR RESOURCE GROUP 401(K) RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
ADDITIONS		
Investment Income (Loss)		
Net (depreciation) appreciation in fair value of investments	$ (270,193)	$ 467,853
Interest and Dividends	100,662	96,368
Total Investment (Loss) Income	(169,531)	564,221
Contributions		
Employee Contributions	673,806	702,918
Employer Contributions	266,045	270,249
Employee Rollover Contributions	5,202	394,088
Total Contributions	945,053	1,367,255
TOTAL ADDITIONS	775,522	1,931,476
DEDUCTIONS		
Benefits paid to participants	772,951	256,754
Corrective distributions	28,633	15,337
Administrative fees	26	12
TOTAL DEDUCTIONS	801,610	272,103
NET (DECREASE) INCREASE IN NET ASSETS AVAILABLE FOR PLAN BENEFITS	(26,088)	1,659,373
NET ASSETS AVAILABLE FOR PLAN BENEFITS		
Beginning of Year	6,004,927	4,345,554
End of Year	$ 5,978,839	$ 6,004,927

See notes to financial statements.

SENIOR RESOURCE GROUP 401(K) RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 1 – Description of Plan

The following description of the Senior Resource Group ("Company" or "SRG") 401(K) Retirement Plan ("Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan was formed effective January 1, 2002. The Plan is a defined contribution plan covering all employees of the Company who have three months of service and are age twenty-one or older. All employees who were employed as of May 16, 2002 did not have a length of service requirement to be eligible to participate in the Plan.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") and has been amended as needed to comply with the provisions of Internal Revenue Code ("IRC") and ERISA legislation to maintain its qualified plan status.

The Plan is a single employer Plan that is a member of a controlled group of Plans sponsored by Senior Resource Group ("SRG"), a related entity, and its subsidiaries. This controlled group also includes the La Vida Communities, Inc. 401(k) Plan. These Plans, while separate Plans, have identical Plan provisions and are required to be combined for the annual Plan discrimination testing only. The Plans are in compliance with all discrimination testing on a combined basis.

The Company is the trustee of the Plan and entered into a contract with Capital Bank and Trust ("Capital Bank"), the Plan custodian, to maintain the investments and contributions of the Plan. The plan investments are invested with American Funds, a related entity of Capital Bank. The Plan administration and recordkeeping is completed by FASCore Recordkeeping Services.

Contributions

Each year, non-highly compensated employees may contribute up to 50% of pretax annual compensation and highly compensated employees up to 2% of pretax compensation, as defined in the Plan. Participants may also contribute amounts

representing distributions from other qualified defined benefit or contribution plans. The plan also allows participants to make Roth (after tax) contributions.

The Company may contribute a discretionary percentage, as determined by the employer, of the participants' salary reduction. The Company matched 50% of the first 4% of employee compensation deferred plus 25% of the next 2% of employee compensation deferred in 2011 and 2010. The employer also matches employee catch up contributions.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution, and (b) Plan earnings, and may be charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their voluntary contributions. The Company's matching contribution and earnings on the matching contribution are vested based upon the following schedule:

Years of Service	Vested %
1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

The Plan recognizes service years with predecessor Company employers in calculating vesting percentages. The extent of service years recognized is dependent upon at which Company operating community the participant was employed, as fully defined in the Plan document.

Investment Funds

The Plan funds are invested under a Contract ("Contract") administered by Capital Bank whereby upon enrollment in the Plan, a participant may direct contributions in any of twenty four different investment choices. The Contract offers a general account (money market) plus twenty-three various mutual fund accounts offered via American Funds, which provide participants with a wide variety of investment options.

Participants may change their investment elections, transfer existing account balances, and obtain information regarding their investments on a daily basis.

Capital Bank assesses an operating expense fee and a contract fee, which are withdrawn directly from the Plan assets.

Participant Loans

The Plan does not provide for participant loans.

Payment of Benefits

On termination of service, disability or retirement, a participant may elect to receive a lump-sum amount equal to the value of the participant's vested interest.

Forfeited Accounts

At December 31, 2011 and 2010, there was $71,281 and $17,475, respectively, in forfeited non-vested accounts remaining which, at the Company's discretion, may be used to offset employer contributions and/or pay administrative fees of the Plan. Forfeitures utilized to offset employer contributions totaled $553 in 2011. No forfeitures were used to offset employer contributions and/or pay administrative fees of the Plan in 2010.

Corrective Distributions

In order to comply with the contribution limitations of Code Sections 401(k) and 415, the Plan from year to year will refund amounts to certain employees in order to be in compliance with the non-discrimination requirements of the Plan. Corrective distributions refunded to Plan participants in 2012 totaled $26,831, which distributions were accrued at December 31, 2011. Corrective distributions refunded to Plan participants in 2011 totaled $17,139, of which $15,337 was accrued and expensed at December 31, 2010 and $1,802 was expensed in 2011. The Plan failed to make these corrective contributions in a timely manner and as such, is subject to an excise tax penalty. The 2011 and 2010 penalties totaling $2,863 and $1,534 were paid by the Company within 15 months of the plan year end as required.

Administrative Expenses

The Company has elected to pay certain administrative expenses of the Plan. These administrative expenses paid for by the Company totaled approximately $16,086 and $20,629 for 2011 and 2010, respectively.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared using the accrual method of accounting.

Date of Management Review

Subsequent events were evaluated through October 11, 2012, which is the date the financial statements were available to be issued.

Use of Estimates

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

Investment Valuation

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

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

Payment of Benefits

Benefits are recorded when paid. Benefits due to terminated employees are not an obligation of the Plan until requested by the employee. At December 31, 2011, benefits due but unpaid to terminated employees totaled $98,328.

Funds Held by the Custodian

All investments of the Plan are currently held by Capital Bank.

Note 3 – Fair Value Measurements

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits. The methods used to measure fair value may produce an amount 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.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted market process for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when the Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements

The fair values of money market funds and mutual funds are based on the closing price reported in the active market where the individual securities are traded, when available.

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefit.

December 31, 2011	Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)
Money Market	$ 541,024	$ 541,024
Mutual Funds	5,306,015	5,306,015
Bond Funds	158,631	158,631
Total	$ 6,005,670	$ 6,005,670

December 31, 2010		
Money Market	$ 477,382	$ 477,382
Mutual Funds	5,305,250	5,305,250
Bond Funds	224,153	224,153
Total	$ 6,006,785	$ 6,006,785

Gains and losses (realized and unrealized) included in changes in net assets available for benefits for the years ended December 31, 2011 and 2010 are reported in net appreciation in fair value of investments.

Note 4 – Plan Investments

All investment information disclosed in the accompanying financial statements and schedules including investments held at December 31, 2011 and 2010, and net appreciation in fair value of mutual fund investments, interest and dividends for the years then ended, were obtained or derived from information supplied to the Plan Administrator and certified as complete and accurate by the Trustees. The Plan's investments are held in funds and invested in participant directed accounts. All administered funds are stated at fair value.

The fair value of Plan investments as certified by the Trustee at December 31, 2011 and 2010 are set forth below:

Pooled Separate Accounts:	2011	2010
Money Market Fund	$ 541,024	$ 477,382
Mutual Funds:		
American Funds Europacific Growth Fd R2	293,690	369,013
American Funds Growth Fund of America	528,697	625,078
American Funds SmallCap World Fund R2	217,596	288,424
Federated Kaufmann Fund - C	24,918	56,972
American Funds Capital Wrld. Gr.& Inc.	146,766	113,950
American Funds Fundamental Investors	74,682	75,829
American Funds Washington Mutual Fund	220,958	241,753
AIM Real Estate Fund – C	211,927	194,965
Oppenheimer Commodity Strat. Total Ret. – C	76,601	59,428
American Funds American Balanced Fund	55,546	46,215
American Funds High Income Trust	60,286	62,604
American Funds 2010 Target Date Fund R2	346,752	408,243
American Funds 2015 Target Date Fund R2	449,516	354,697
American Funds 2020 Target Date Fund R2	476,993	381,537
American Funds 2025 Target Date Fund R2	1,047,296	1,055,115

American Funds 2030 Target Date Fund R2	379,169	313,977
American Funds 2035 Target Date Fund R2	103,961	117,258
American Funds 2040 Target Date Fund R2	323,227	325,645
American Funds 2045 Target Date Fund R2	187,073	150,570
American Funds 2050 Target Date Fund R2	73,524	63,548
American Funds 2055 Target Date Fund R2	6,837	439
Total Mutual Funds	5,306,015	5,305,250
Bond Funds:		
American Funds Bond Fund of America	82,743	148,779
Oppenheimer International Bond Fund	75,888	75,374
Total Bond Funds	158,631	224,153
Total	$6,005,670	$6,006,785

Note 5 – Parties in Interest

Certain Plan investments are invested in pooled separate accounts managed by American Funds. American Funds is a related entity of the Plan Custodian and, therefore, these transactions qualified as parties-in-interest.

Note 6 – Plan Termination

Although it has not expressed any interest 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. In the event of Plan termination, participants will become 100% vested in their account balances.

Note 7 – Delinquent Payment of Participant Contributions

The Company inadvertently failed to transmit participant contributions and matching contributions to the Plan within the required timeframe totaling $5,790 in 2011. The Company is in the process of correcting these late contributions and will reimburse the Plan for lost participant earnings once the calculation is completed.

The Company believes that it has transmitted funds in a timely manner for all other 2011 and 2010 participant contributions, however, the Company is researching a variance of $12,083 between 2011 total contributions withheld from employees per Company W-2 records and the total amount of employee contributions received by the Plan. If it is determined that this variance is a late contribution, the Company anticipates this error will be corrected in 2012 and any lost earnings restored to participants.

Note 8 – Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for Plan benefits per Form 5500 to the financial statements at December 31, 2011 and 2010:

	2011	2010
Net assets available for Plan benefits per Form 5500	$6,005,671	$6,006,785
Contributions Receivable	-	13,479
Corrective Distributions	(26,831)	(15,337)
Net assets available for Plan benefits per the financial statements	$5,978,839	$6,004,927

The following is a reconciliation of net increase in net assets available for Plan benefits per Form 5500 to the financial statements at December 31, 2011 and 2010 to Schedule H:

		2011	2010
Net increase in net assets available for Plan benefits per Schedule H of Form 5500		$ (1,115)	$1,699,080
Add:	Contributions receivable at December 31, 2011 and 2010	-	13,479
Less:	Contributions receivable at December 31, 2010 and 2009	(13,479)	(37,849)
Add:	Corrective distributions at December 31, 2010 and 2009	15,337	-
Less:	Corrective distributions at December 31, 2011 and 2010	(26,831)	(15,337)
Net increase in net assets available for Plan benefits per the financial statements		$ (26,088)	$1,659,373

Note 9 – Tax Status

The Plan is a Prototype Plan sponsored by Capital Bank. This Prototype Plan received a determination letter from the Internal Revenue Service ("IRS") that the Plan is designed in accordance with applicable sections of the IRC. The Plan has not requested a separate determination letter from the IRS concerning the Plan's tax status. The Plan administrator

believes the Plan is designed and currently being operated in compliance with applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statement.

Note 10 – Risks and Uncertainties

The Plan provides for investments in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the various risk factors in the near term could materially affect participants' account balances and the amounts reported in the financial statements.

Participants may invest in certain mutual fund accounts that invest in the securities of foreign companies, which involve special risks and considerations not typically associated with investing in U.S. companies. These risks include devaluation of currencies, less reliable information about issuers, different securities transaction clearance and settlement practices, and possible adverse political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than those securities of comparable U.S. companies.

SUPPLEMENTAL

SCHEDULES

SENIOR RESOURCE GROUP 401(K) RETIREMENT PLAN
EIN: 91-2160583 Plan Number: 001
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT YEAR END)
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
	Pooled separate accounts:			
*	American Funds	Money Market Fund		$ 541,024
	Mutual Funds:			
*	American Funds	Europacific Growth Fd R2		293,690
*	American Funds	Growth Fund of America		528,697
*	American Funds	SmallCap World Fund R2		217,596
	Federated	Kaufmann Fund - C		24,918
*	American Funds	Capital World Gr & Inc.		146,766
*	American Funds	Fundamental Investors R2		74,682
*	American Funds	Washington Mutual Fund		220,958
	AIM	Real Estate Fund - C		211,927
	Oppenheimer	Commodity Strat Total Ret C		76,601
*	American Funds	American Balanced Fund		55,546
*	American Funds	High Income Trust		60,286
*	American Funds	2010 Target Date Fund R2		346,752
*	American Funds	2015 Target Date Fund R2		449,516
*	American Funds	2020 Target Date Fund R2		476,993
*	American Funds	2025 Target Date Fund R2		1,047,296
*	American Funds	2030 Target Date Fund R2		379,169
*	American Funds	2035 Target Date Fund R2		103,961
*	American Funds	2040 Target Date Fund R2		323,227
*	American Funds	2045 Target Date Fund R2		187,073
*	American Funds	2050 Target Date Fund R2		73,524
*	American Funds	2055 Target Date Fund R2		6,837
	Total Mutual Funds			5,306,015
	Bond Funds:			
*	American Funds	Bond Fund of America		82,743
	Oppenheimer	International Bond Fund		75,888
	Total Bond Funds			158,631
	Total			$ 6,005,670

Notes: Column (a) * represents parties in interest.
Column (d) is blank as all investments are participant directed.

See notes to financial statements.

SENIOR RESOURCE GROUP 401(K) RETIREMENT PLAN
EIN: 91-2160583 Plan Number: 001
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT YEAR END)
December 31, 2010

(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
	Pooled separate accounts:			
*	American Funds	Money Market Fund		$ 477,382
	Mutual Funds:			
*	American Funds	Europacific Growth Fd R2		369,013
*	American Funds	Growth Fund of America		625,078
*	American Funds	SmallCap World Fund R2		288,424
	Federated	Kaufmann Fund - C		56,972
*	American Funds	Capital World Gr & Inc.		113,950
*	American Funds	Fundamental Investors R2		75,829
*	American Funds	Washington Mutual Fund		241,753
	AIM	Real Estate Fund - C		194,965
	Oppenheimer	Commodity Strat Total Ret C		59,428
*	American Funds	American Balanced Fund		46,215
*	American Funds	High Income Trust		62,604
*	American Funds	2010 Target Date Fund R2		408,243
*	American Funds	2015 Target Date Fund R2		354,697
*	American Funds	2020 Target Date Fund R2		381,527
*	American Funds	2025 Target Date Fund R2		1,055,115
*	American Funds	2030 Target Date Fund R2		313,977
*	American Funds	2035 Target Date Fund R2		117,258
*	American Funds	2040 Target Date Fund R2		325,645
*	American Funds	2045 Target Date Fund R2		150,570
*	American Funds	2050 Target Date Fund R2		63,548
*	American Funds	2055 Target Date Fund R2		439
	Total Mutual Funds			5,305,250
	Bond Funds:			
*	American Funds	Bond Fund of America		148,779
	Oppenheimer	International Bond Fund		75,374
	Total Bond Funds			224,153
	Total			$ 6,006,785

Notes: Column (a) * represents parties in interest.
Column (d) is blank as all investments are participant directed.

See notes to financial statements.

SENIOR RESOURCE GROUP 401(K) RETIREMENT PLAN
EIN: 95-2160583 Plan:001
SCHEDULE H, LINE 4a - SCHEDULE OF DELINQUENT PARTICIPANT TRANSACTIONS
For the Year Ended December 31, 2011

Participant Contributions Transferred late to the Plan	Total that Constitute Nonexempt Prohibited Transactions			
Check here if late participant loan repayments are included:	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	Total Fully Corrected Under VFCP and PTE 2002-51
$ 5,790	$ 5,790	$ -	$ -	$ -

See notes to financial statements.

SENIOR RESOURCE GROUP 401(K) RETIREMENT PLAN
EIN: 95-2160583 Plan:001
SCHEDULE H, LINE 4a - SCHEDULE OF DELINQUENT PARTICIPANT TRANSACTIONS
For the Year Ended December 31, 2010

Participant Contributions Transferred late to the Plan	Total that Constitute Nonexempt Prohibited Transactions			
Check here if late participant loan repayments are included:	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	Total Fully Corrected Under VFCP and PTE 2002-51
$ 13,479	$ -	$ 13,479	$ -	$ -

See notes to financial statements.

ASSETS HELD FOR INVESTMENT PURPOSES

Senior Resource Group 401(k) Retirement Plan
01-JAN-11 to 31-DEC-11

INVESTMENT OPTION	MATURITY DATE	INTEREST RATE	COST OF ASSETS	CURRENT VALUE
1RERBX			336,220.96	293,690.32
1RGABX			554,214.52	528,697.07
1RSLBX			223,743.52	217,595.73
1KAUCX			25,242.64	24,917.97
1RWIBX			148,393.48	146,765.70
1RFNBX			71,902.70	74,682.11
1RWMBX			219,968.21	220,957.78
1IARCX			184,826.00	211,927.29
1QRACX			93,519.86	76,600.87
1RLBBX			48,785.43	55,546.41
1RBFBX			79,572.06	82,742.60
1RITBX			60,317.27	60,285.65
1OIBCX			78,199.41	75,887.83
1RABXX			469,743.15	469,743.15
1RBATX			349,657.82	346,752.11
1RBJTX			427,551.61	449,516.60
1RBCTX			453,528.35	476,992.91
1RBDTX			1,020,774.77	1,047,295.79
1RBETX			355,384.11	379,169.03
1RBFTX			99,154.60	103,961.26
1RBKTX			319,268.54	323,227.31
1RBHTX			182,428.64	187,073.82
1RBITX			71,570.14	73,523.85
1RBMTX			6,906.48	6,836.62
			5,880,874.27	**5,934,389.78**
FORFEITURES			71,280.78	71,280.78

Attachment to Form 5500, Schedule H, Part 4, Item I
EIN # 912160583

ASSETS HELD FOR INVESTMENT PURPOSES

Senior Resource Group 401(k) Retirement Plan
01-JAN-11 to 31-DEC-11

INVESTMENT OPTION	MATURITY DATE	INTEREST RATE	COST OF ASSETS	CURRENT VALUE

LEGEND

INVESTMENT OPTION:

1RERBX	American Funds EuroPacific Growth Fd R2	1RGABX	American Funds Growth Fund of America R2
1RSLBX	American Funds SMALLCAP World Fund R2	1KAUCX	Federated Kaufmann Fund - C
1RWIBX	American Funds Capital World Gr & Inc R2	1RFNBX	American Funds Fundamental Investors R2
1RWMBX	American Funds Washington Mutual Fund R2	1IARCX	INVESCO Real Estate Fund - C
1QRACX	Oppenheimer Commodity Strat Total Ret C	1RLBBX	American Funds American Balanced Fund R2
1RBFBX	American Funds Bond Fund of America R2	1RITBX	American Funds High Income Trust R2
1OIBCX	Oppenheimer International Bond Fund - C	1RABXX	American Funds Money Market Fund R2
1RBATX	American Funds 2010 Target Date Fund R2	1RBJTX	American Funds 2015 Target Date Fund R2
1RBCTX	American Funds 2020 Target Date Fund R2	1RBDTX	American Funds 2025 Target Date Fund R2
1RBETX	American Funds 2030 Target Date Fund R2	1RBFTX	American Funds 2035 Target Date Fund R2
1RBKTX	American Funds 2040 Target Date Fund R2	1RBHTX	American Funds 2045 Target Date Fund R2
1RBITX	American Funds 2050 Target Date Fund R2	1RBMTX	American Funds 2055 Target Date Fund R2

COST OF ASSETS: The original cost of the assets in each investment option as of the last day of the plan year
CURRENT VALUE: The value of all assets in each investment option as of the last day of the plan year

Attachment to 2011 Form 5500
Schedule H, line 4a - Schedule of Delinquent Participant Contributions

Plan Name SENIOR RESOURCE GROUP 401(K) RETIREMENT PLAN **EIN:** 91-2160583
Plan Sponsor's Name SRG OPERATING, INC. **PN:** 001

	Total that Constitute Nonexempt Prohibitied Transactions			
Participant Contributions Transferred Late to Plan	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	Total Fully Corrected Under VFCP and PTE 2002-51
Check here if Late Participant Loan Repayments are included: ☐	5,790	0	0	0