# 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;
- [X] the final return/report;
- [X] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

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

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

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
MYREX,EWBPT,

**1b** Three-digit plan number (PN) ▶ 501

**1c** Effective date of plan 01/01/1999

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

MIL,LTD
MYREX
JAMES MOFFA
9119 WEEDY LANE
HOUSTON, TX 77042

9119 WEEDY LANE
HOUSTON, TX 77042

**2b** Employer Identification Number (EIN)
76-0489609

**2c** Sponsor's telephone number

**2d** Business code (see instructions)
332300

**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. | 01/17/2013 | NICHOLAS VUKICH |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | | | |
| | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| **SIGN HERE** | | | |
| | **Signature of DFE** | Date | Enter name of individual signing as DFE |

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

MIL,LTD
JAMES MOFFA
9119 WEEDY LANE
HOUSTON, TX 77042

**3b** Administrator's EIN: 76-0489609

**3c** Administrator's telephone number:

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

**a** Sponsor's name

**4b** EIN

**4c** PN

| | | | |
|---|---|---|---|
| **5** | Total number of participants at the beginning of the plan year | **5** | 129 |
| **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** | 129 |
| **b** | Retired or separated participants receiving benefits | **6b** | 0 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 0 |
| **d** | Subtotal. Add lines **6a**, **6b**, and **6c** | **6d** | 129 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits | **6e** | |
| **f** | Total. Add lines **6d** and **6e** | **6f** | 129 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | |
| **h** | Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | |
| **7** | Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | 0 |

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

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

4A 4B 4D 4F

**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)** | | **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)** | | **C** (Service Provider Information) |
| **(5)** | | **D** (DFE/Participating Plan Information) |
| **(6)** | | **G** (Financial Transaction Schedules) |

# 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
MYREX,EWBPT,

**B** Three-digit plan number (PN) ▶ 501

**C** Plan sponsor's name as shown on line 2a of Form 5500
MIL,LTD

**D** Employer Identification Number (EIN)
76-0489609

## 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) | | |
| **(2)** Participant contributions | 1b(2) | | |
| **(3)** Other | 1b(3) | | |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | 4544587 | 0 |
| **(2)** U.S. Government securities | 1c(2) | 1829 | 0 |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | 1c(3)(A) | | |
| **(B)** All other | 1c(3)(B) | 221078 | 0 |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | 1c(4)(A) | | |
| **(B)** Common | 1c(4)(B) | | |
| **(5)** Partnership/joint venture interests | 1c(5) | | |
| **(6)** Real estate (other than employer real property) | 1c(6) | | |
| **(7)** Loans (other than to participants) | 1c(7) | | |
| **(8)** Participant loans | 1c(8) | | |
| **(9)** Value of interest in common/collective trusts | 1c(9) | | |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | | |
| **(11)** Value of interest in master trust investment accounts | 1c(11) | | |
| **(12)** Value of interest in 103-12 investment entities | 1c(12) | | |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | 1c(13) | 2156440 | 0 |
| **(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 | 6923934 | 0 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | | |
| **h** | Operating payables | 1h | | |
| **i** | Acquisition indebtedness | 1i | | |
| **j** | Other liabilities | 1j | | |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | | |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 6923934 | 0 |

## 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) | | |
| | **(B)** Participants | 2a(1)(B) | | |
| | **(C)** Others (including rollovers) | 2a(1)(C) | | |
| | **(2)** Noncash contributions | 2a(2) | | |
| | **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | 8622 | |
| | **(B)** U.S. Government securities | 2b(1)(B) | | |
| | **(C)** Corporate debt instruments | 2b(1)(C) | 11637 | |
| | **(D)** Loans (other than to participants) | 2b(1)(D) | | |
| | **(E)** Participant loans | 2b(1)(E) | | |
| | **(F)** Other | 2b(1)(F) | | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 20259 |
| | **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | | |
| | **(B)** Common stock | 2b(2)(B) | | |
| | **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | 18176 | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 18176 |
| | **(3)** Rents | 2b(3) | | |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | | |
| | **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| **2b** **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | 2b(5)(A) | | |
| **(B)** Other | 2b(5)(B) | | |
| **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | |
| **(6)** Net investment gain (loss) from common/collective trusts | 2b(6) | | |
| **(7)** Net investment gain (loss) from pooled separate accounts | 2b(7) | | |
| **(8)** Net investment gain (loss) from master trust investment accounts | 2b(8) | | |
| **(9)** Net investment gain (loss) from 103-12 investment entities | 2b(9) | | |
| **(10)** Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | -193168 |
| **c** Other income | 2c | | |
| **d** Total income. Add all **income** amounts in column (b) and enter total | 2d | | -154733 |
| **Expenses** | | | |
| **e** Benefit payment and payments to provide benefits: | | | |
| **(1)** Directly to participants or beneficiaries, including direct rollovers | 2e(1) | | |
| **(2)** To insurance carriers for the provision of benefits | 2e(2) | | |
| **(3)** Other | 2e(3) | 6757836 | |
| **(4)** Total benefit payments. Add lines **2e(1)** through **(3)** | 2e(4) | | 6757836 |
| **f** Corrective distributions (see instructions) | 2f | | |
| **g** Certain deemed distributions of participant loans (see instructions) | 2g | | |
| **h** Interest expense | 2h | | |
| **i** Administrative expenses: **(1)** Professional fees | 2i(1) | | |
| **(2)** Contract administrator fees | 2i(2) | | |
| **(3)** Investment advisory and management fees | 2i(3) | 13868 | |
| **(4)** Other | 2i(4) | | |
| **(5)** Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 13868 |
| **j** Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 6771704 |
| **Net Income and Reconciliation** | | | |
| **k** Net income (loss). Subtract line **2j** from line **2d** | 2k | | -6926437 |
| **l** Transfers of assets: | | | |
| **(1)** To this plan | 2l(1) | | |
| **(2)** From this plan | 2l(2) | | |

## Part III Accountant's Opinion

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

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

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

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

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

**(1)** Name: GD&D LP **(2)** EIN: 76-0355510

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

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

## Part IV Compliance Questions

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

During the plan year:

| | | Yes | No | Amount |
|---|---|---|---|---|
| **a** | Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.) | 4a | | X | |
| **b** | Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.) | 4b | | X | |
| **c** | Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) | 4c | | X | |
| **d** | Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) | 4d | | X | |
| **e** | Was this plan covered by a fidelity bond? | 4e | | X | |
| **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. [X] **Yes** [ ] **No** **Amount:** 0

**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) |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

# MIL, LTD.
# EMPLOYEES WELFARE BENEFIT PLAN AND TRUST

FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

GAINER DONNELLY & DESROCHES

MIL, LTD. EMPLOYEES WELFARE BENEFIT PLAN AND TRUST

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# INDEPENDENT AUDITOR'S REPORT

To the Participants and Sponsor of the
MIL, Ltd. Employees Welfare Benefit Plan and Trust
Houston, Texas

We have audited the accompanying statements of net assets available for benefits - liquidation basis of MIL, Ltd. Employees Welfare Benefit Plan and Trust (the "Plan") as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits - liquidation basis for the year ended December 31, 2011. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, MIL, Ltd., the Plan's Sponsor, elected to terminate the Plan on December 31, 2011. In accordance with accounting principles generally accepted in the United States of America, the Plan has changed its basis of accounting from the ongoing plan basis used in presenting the 2010 financial statements to the liquidation basis used in presenting the 2011 financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the MIL, Ltd. Employees Welfare Benefit Plan and Trust as of December 31, 2011 and 2010, and the changes in its financial status for the year ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

Gainer, Donnelly & Desroches, LLP

September 12, 2012

MIL, LTD. EMPLOYEES WELFARE BENEFIT PLAN AND TRUST
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
(LIQUIDATION BASIS)
DECEMBER 31, 2011 AND 2010

ASSETS

| | 2011 | 2010 |
|---|---|---|
| CASH AND CASH EQUIVALENTS | $ - | $ 4,544,587 |
| INVESTMENTS, AT FAIR VALUE: | | |
| Corporate and Municipal Bonds and Debentures | - | 221,078 |
| Mutual Funds | - | 2,156,440 |
| US Government Obligations | - | 1,829 |
| Total Investments | - | 2,379,347 |
| RECEIVABLES: | | |
| Accrued Interest | - | 2,503 |
| NET ASSETS AVAILABLE FOR BENEFITS | $ - | $ 6,926,437 |

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

MIL, LTD. EMPLOYEES WELFARE BENEFIT PLAN AND TRUST
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
(LIQUIDATION BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2011

| | |
|---|---|
| CHANGES TO NET ASSETS AVAILABLE FOR BENEFITS ATTRIBUTED TO: | |
| Investment Activities: | |
| Net Change in Fair Value of Investments | $ (193,168) |
| Interest on Cash and Cash Equivalents | 8,622 |
| Interest on Debt Obligations | 11,637 |
| Dividends on Mutual Funds | 18,176 |
| Net Increase From Investment Activities | (154,733) |
| Payments of Benefits | (6,757,836) |
| Investment Advisory Fees | (13,868) |
| CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS | (6,926,437) |
| NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR | 6,926,437 |
| NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR | $ - |

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

MIL, LTD. EMPLOYEES WELFARE BENEFIT PLAN AND TRUST
NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 – PLAN DESCRIPTION

The following description of the MIL, Ltd. Employees Welfare Benefit Plan and Trust (the "Plan") provides only general information. Participants should refer to the Summary Plan Description for a complete description of the Plan's provisions, which were in effect as of December 31, 2011.

### General

The Plan was adopted on December 23, 1999 and made effective as of January 1, 1999. The Plan provides health and other benefits covering all participants in the employment of MIL, Ltd., dba Myrex Industries (the "Partnership"). The Partnership maintains the Plan as a partially self–funded plan. The Employees Welfare Benefit Plan and Trust (the "Trust") was set up as a funding vehicle for the Plan in conformity with the requirements of the Internal Revenue Code of 1986 and the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is a funded plan due to the creation of the Trust, which is a tax–exempt Voluntary Employees' Beneficiary Association (VEBA), pursuant to Internal Revenue Code Section 501(c)(9).

Effective December 31, 2011, the Board of Directors of the Partnership elected to terminate the Plan. Upon termination, assets of the Plan are to be distributed first to those providing professional services required to terminate the Plan, then to fulfill claims arising prior to termination and, finally, to provide ongoing benefits defined in Section 501(c)(9) of the code. At December 31, 2011, there were no obligations or claims outstanding against the Plan. All assets of the Plan were liquidated and reimbursed back to the Partnership prior to December 31, 2011.

### Participation and Benefits

The Plan provides health benefits (medical, hospital, dental, vision, and prescription drug), disability, holiday and sick pay, vacation, and death benefits to full–time and part–time participants with at least 30 days continuous employment and to their beneficiaries and covered dependents. Retired employees are entitled to similar health (in excess of Medicare coverage) and death benefits provided they have attained at least age sixty–five and have fifteen years of service with the Partnership before retirement.

### Employer Contributions

The Partnership's management has discretion as to the amount of contributions to the Plan but uses an actuary to calculate the maximum permissible postretirement benefits reserve to be held in the Plan. The Partnership's policy is to contribute the maximum amount allowed as a tax deduction by the Internal Revenue Code. Under present law, the Partnership is not permitted to deduct amounts for future benefits to current employees and retirees.

### Vesting

The Plan does not provide for vesting of rights to Plan assets. Any employee ceasing to participate in the Plan forfeits any right or interest in the Plan.

### Administrative Expenses

The Partnership provides certain administrative services without cost to the Plan.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

### Cash and Cash Equivalents

The Plan considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

### Investment Valuation and Income Recognition

The Plan's investments are stated 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 further 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.

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Sponsor to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

### Postretirement Benefits

The postretirement benefit obligation represents the actuarial present value of those estimated future benefits attributed to employee service rendered to December 31, 2011. Postretirement benefits include future benefits expected to be paid to or for (1) currently retired employees and their beneficiaries and dependents and (2) active employees and their beneficiaries and dependents after retirement from service with the Partnership. Prior to an active employee's full eligibility date, the postretirement benefit obligation is the portion of the expected postretirement benefit obligation that is attributed to that employee's service with the Partnership rendered to the valuation date. At December 31, 2011, no employees met the requirements to qualify for postretirement benefits.

The actuarial present value of the expected postretirement benefit obligation is determined by an actuary and is the amount that results from applying actuarial assumptions to certain current medical cost data.

The following were assumptions used in the valuations as of December 31, 2010:

| | |
|---|---|
| Weighted–average discount rate | 6.0% |
| Average retirement age | 65 |
| Mortality | 1971 Group Annuity Mortality Table |

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### Subsequent Events

The Plan has evaluated subsequent events through September 12, 2012, which is the date the financial statements were available to be issued. No matters were identified affecting the accompanying financial statements and related disclosures.

## NOTE 3 – FAIR VALUE MEASUREMENTS

The Plan uses fair value to record financial assets and liabilities measured on a recurring basis. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs–Level 1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs–Level 3).

The three levels of the fair value hierarchy are described as follows:

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

Level 2 – Inputs, excluding those included in Level 1, are either observable prices for identical assets or liabilities in inactive markets, observable prices for similar assets and liabilities, or other inputs derived principally from, or corroborated by, observable market data at the measurement date.

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

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

The following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2010. As of December 31, 2011, there were no assets remaining in the Plan.

The fair value of corporate and municipal bonds and debentures and U.S. government obligations are estimated using recent executed transactions and market price quotations. Mutual funds are valued at the net asset value of shares held by the Plan at year end.

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

NOTE 3 – FAIR VALUE MEASUREMENTS – CONTINUED

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010:

| | Quoted Market Prices in Active Markets (Level 1) | Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
|---|---|---|---|
| December 31, 2010: | | | |
| Mutual Funds: | | | |
| Convertible Funds | $ 32,657 | $ - | $ - |
| Diversified Emerging Market Funds | 51,875 | - | - |
| Foreign Large Blend Funds | 121,650 | - | - |
| Foreign Large Growth Funds | 44,260 | - | - |
| High Yield Muni Funds | 19,169 | - | - |
| Intermediate Government Funds | 19,106 | - | - |
| Intermediate-Term Bond Funds | 171,518 | - | - |
| International Funds | 39,860 | - | - |
| Large Blend Funds | 545,672 | - | - |
| Large Growth Funds | 128,423 | - | - |
| Large Value Funds | 128,168 | - | - |
| Long and Short Term Equity Funds | 53,864 | - | - |
| Long-Term Bond Funds | 51,401 | - | - |
| Market Neutral Funds | 59,952 | - | - |
| Mid Cap Blend Funds | 514,946 | - | - |
| Mid Cap Growth Funds | 81,779 | - | - |
| Miscellaneous Sector Funds | 29,604 | - | - |
| Short-Term Bond Funds | 62,536 | - | - |
| Bonds: | | | |
| Corporate Bonds | - | 171,917 | - |
| Municipal Bonds | - | 49,161 | - |
| US Government Obligations | - | 1,829 | - |
| Total Assets at Fair Value | $ 2,156,440 | $ 222,907 | $ - |

The estimated fair values of the Plan's short–term financial instruments (primarily cash and cash equivalents) approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

## NOTE 4 – INVESTMENTS

There were no investments held by the Plan at December 31, 2011 and no assets at December 31, 2010 representing 5% or more of the Plan's net assets.

During 2011 the Plan's investments (including investments bought, sold, and held during the year) depreciated in value by $193,168, as follows:

| | |
|---|---|
| Corporate Bonds and Debentures | $ 4,885 |
| Mutual Funds | 188,124 |
| US Government Obligation | 159 |
| | $ 193,168 |

## NOTE 5 – POSTRETIREMENT BENEFIT OBLIGATIONS

Health costs incurred by participants and their beneficiaries and dependents are covered by insurance contracts maintained by the Partnership. As stated in Note 1, the Partnership is not permitted under present tax laws to deduct amounts for future benefits (beyond one year). Insurance premiums for future years in respect of the Plan's postretirement benefit obligations will be funded by Partnership contributions to the Plan in future years.

The postretirement benefit obligation at December 31, 2011 and 2010, principally health benefits, related to the following categories of participants (including their beneficiaries and dependents):

| | 2011 | 2010 |
|---|---|---|
| Current Retirees | $ - | $ - |
| Other Participants Fully Eligible for Benefits | - | - |
| Participants not yet Fully Eligible for Benefits | - | 6,926,437 * |
| | $ - | $ 6,926,437 |

* The value stated assumes that all Participants not yet Fully Eligible for Benefits will become eligible. It is possible that some number of those Participants may never become eligible due to the service component of the eligibility requirements.

## NOTE 6 – INCOME TAX STATUS

The Plan was effective January 1, 1999 and has received a favorable determination letter dated May 4, 2000 from the Internal Revenue Service. The Partnership believes the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code (IRC). Therefore, the Partnership believes that the Plan is qualified under Section 501(c)(9) of the IRC and, accordingly, the Plan will be exempt from federal income taxes unless the Plan has unrelated business income. Unrelated business taxable income is taxed at the trust tax rates. For the year ended December 31, 2011, the Plan had no unrelated business income.

## NOTE 7 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

| | 2011 | 2010 |
|---|---|---|
| Net Assets Available for Benefits per the Financial Statements | $ - | $ 6,926,437 |
| Less: Accrued Interest Receivable | - | (2,503) |
| Net Assets Available for Benefits per Form 5500 | $ - | $ 6,923,934 |

The following is a reconciliation of total income per the financial statements to the Form 5500:

| | |
|---|---|
| Change in Net Assets Available for Benefits per the Financial Statements | $ (6,926,437) |
| Add: Accrued Interest Receivable at December 31, 2010 | 2,503 |
| Change in Net Assets Available for Benefits per Form 5500 | $ (6,923,934) |

## NOTE 8 – PARTIES–IN–INTEREST

Charles Schwab and Co., Inc. ("Schwab") is custodian of a portion of the Plan's assets. Investment transactions are executed by Schwab on behalf of the Plan. In addition, at December 31, 2011 the Plan was invested in certain Schwab mutual funds. In as much as Schwab serves as custodian of certain Plan assets, they are by definition a party–in–interest. The Plan also pays investment advisory fees to Schwab. These fees totaled $13,868 for the year ended December 31, 2011. These transactions are exempt from being prohibited transactions by ERISA.

## NOTE 9 – 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 such changes could materially affect the amounts reported in the statements of net assets available for benefits.