

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2012</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>BETTER BAKED FOODS, INC. 401K RETIREMENT PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>07/01/1981</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>07/01/1981</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>07/01/1981</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>BETTER BAKED FOODS, INC.</u> <u>56 SMEDLEY ST.</u> <u>NORTH EAST, PA 16428-1632</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>16-0978200</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>814-725-8778</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>424400</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>16-0978200</u>	2c Sponsor's telephone number <u>814-725-8778</u>	2d Business code (see instructions) <u>424400</u>	
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2c Sponsor's telephone number <u>814-725-8778</u>					
2d Business code (see instructions) <u>424400</u>					

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. Signature of plan administrator	<u>07/26/2013</u> Date	<u>RICHARD STEELE</u> 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
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address BETTER BAKED FOODS, INC. 56 SMEDLEY ST. NORTH EAST, PA 16428-1632		3b Administrator's EIN 16-0978200
		3c Administrator's telephone number 814-725-8778
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		5 584
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	480
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	76
d Subtotal. Add lines 6a , 6b , and 6c	6d	556
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	556
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	386
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	11
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 Characteristics Codes in the instructions: 2E 2G 2J 2K 3D 2T		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>BETTER BAKED FOODS, INC. 401K RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>BETTER BAKED FOODS, INC.</u>	D Employer Identification Number (EIN) <u>16-0978200</u>

Part I Service Provider Information (see instructions)

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

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

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

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

45-6062081

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

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

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

ALERUS REVENUE

45-6062081

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 25 38 28 37	RECORDKEEPER	64981	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

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

THE VARGO COMPANY

27-4305376

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 37 17	THIRD PARTY ADMIN	7521	Yes ☒ No ☐	Yes ☒ No ☐	0	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

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2012</div> This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>BETTER BAKED FOODS, INC. 401K RETIREMENT PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>BETTER BAKED FOODS, INC.</u>	D Employer Identification Number (EIN) <u>16-0978200</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)
(Complete as many entries as needed to report all interests in DFEs)	

a Name of MTIA, CCT, PSA, or 103-12 IE: FEDERATED CAPITAL PRESERVATION FUND

b Name of sponsor of entity listed in (a): FEDERATED CAPITAL PRESERVATION FUND

c EIN-PN <u>22-2712853-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>2677264</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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 <div style="border: 1px solid black; padding: 5px; font-size: 1.2em; font-weight: bold;">2012</div> This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
A Name of plan BETTER BAKED FOODS, INC. 401K RETIREMENT PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 BETTER BAKED FOODS, INC.	D Employer Identification Number (EIN) 16-0978200	

Part I	Asset and Liability Statement
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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)	0	0
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	718565	781633
(9) Value of interest in common/collective trusts.....	1c(9)	2724549	2677264
(10) Value of interest in pooled separate accounts.....	1c(10)	0	0
(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)	11061616	11935990
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	14504730	15394887

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	0	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	14504730	15394887
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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 Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	295494	
(B) Participants	2a(1)(B)	805369	
(C) Others (including rollovers)	2a(1)(C)	14959	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1115822

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	32039	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		32039

(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)	347281	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		347281

(3) Rents	2b(3)		
-----------------	--------------	--	--

(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		36387
(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)		1127992
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		2659521

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1645218	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		1645218
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		51644
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	12474	
(3) Investment advisory and management fees	2i(3)	59142	
(4) Other	2i(4)	886	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		72502
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1769364

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		890157
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

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

(1) Name: **KP LYNCH CPA PC**

(2) EIN: **20-2059984**

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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

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.).....

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.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

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)

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

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 2012 This Form is Open to Public Inspection.
---	--	--

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>BETTER BAKED FOODS, INC. 401K RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>BETTER BAKED FOODS, INC.</u>	D Employer Identification Number (EIN) <u>16-0978200</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>45-6062081</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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 line 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 lines (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 line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____



KP LYNCH, CPA PC

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REPORT OF INDEPENDENT AUDITOR

THE BOARD OF DIRECTORS

BETTER BAKED FOODS, INC. 401(K) RETIREMENT PLAN

Report on the Financial Statements

I was engaged to audit the accompanying financial statements of the Better Baked Foods, Inc. 401(k) Retirement Plan, which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

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 investment information described in Note 4, which was certified by Alerus Financial, N.A., the custodian of the Plan, except for comparing such information with the related information included in the financial statements. I have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the custodian as of and for the years ended December 31, 2012 and 2011, that the information provided to the plan administrator by the custodian is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

Other Matter

The supplemental schedule of assets held as of December 31, 2012 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, I do not express an opinion on this supplemental schedule.

Report on Form & Content in Compliance with DOL Rules & Regulations

The form and content of the information included in the financial statements and schedule, other than that derived from the investment information certified by the custodian, have been audited by me in accordance with auditing standards generally accepted in the United States 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.



July 24, 2013
East Aurora, New York

FINANCIAL STATEMENTS AND SCHEDULE

BETTER BAKED FOODS, INC. 401 (K) RETIREMENT PLAN

DECEMBER 31, 2012 AND 2011 AND YEARS THEN ENDED
WITH REPORT OF INDEPENDENT AUDITOR

BETTER BAKED FOODS, INC. 401(K) RETIREMENT PLAN

FINANCIAL STATEMENTS AND SCHEDULE

DECEMBER 31, 2012 AND 2011 AND YEARS THEN ENDED

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REPORT OF INDEPENDENT AUDITOR

THE BOARD OF DIRECTORS

BETTER BAKED FOODS, INC. 401(K) RETIREMENT PLAN

Report on the Financial Statements

I was engaged to audit the accompanying financial statements of the Better Baked Foods, Inc. 401(k) Retirement Plan, which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

Other Matter

The supplemental schedule of assets held as of December 31, 2012 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, I do not express an opinion on this supplemental schedule.

Report on Form & Content in Compliance with DOL Rules & Regulations

The form and content of the information included in the financial statements and schedule, other than that derived from the investment information certified by the custodian, have been audited by me in accordance with auditing standards generally accepted in the United States 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.



July 24, 2013
East Aurora, New York

BETTER BAKED FOODS, INC. 401(k) RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31	
	2012	2011
Investments, at fair value:		
Investment in common collective trust	\$ 2,724,437	\$ 2,783,781
Investments in registered investment companies	11,935,990	11,061,616
Total investments	14,660,427	13,845,397
Receivables:		
Notes receivable from participants	781,633	718,565
Employee contribution receivable	4,824	10,634
Employer contribution receivable	1,650	3,921
Total receivables	788,107	733,120
Net assets available for benefits at fair value	15,448,534	14,578,517
Adjustment from fair value to contract value for interest in common collective trust relating to fully benefit-responsive investment contracts	(47,173)	(59,232)
Net assets available for benefits	\$ 15,401,361	\$ 14,519,285

See accompanying notes.

BETTER BAKED FOODS, INC. 401(k) RETIREMENT PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Years ended December 31	
	2012	2011
Additions:		
Contributions:		
Employee contributions	\$ 799,559	\$ 972,059
Employer contributions	293,223	351,326
Rollover contributions	14,959	-
	<u>1,107,741</u>	<u>1,323,385</u>
Investment income (loss):		
Net gain (loss) from registered investment companies	1,475,273	(100,022)
Net gain from common collective trust	36,387	46,124
	<u>1,511,660</u>	<u>(53,898)</u>
Interest on notes receivable from participants	32,039	33,065
Total additions	<u>2,651,440</u>	<u>1,302,552</u>
Deductions:		
Benefits paid to participants	1,696,862	857,946
Administrative expenses	72,502	90,239
Total deductions	<u>1,769,364</u>	<u>948,185</u>
Net increase	882,076	354,367
Net assets available for benefits, beginning of year	<u>14,519,285</u>	<u>14,164,918</u>
Net assets available for benefits, end of year	<u><u>\$ 15,401,361</u></u>	<u><u>\$ 14,519,285</u></u>

See accompanying notes.

BETTER BAKED FOODS, INC. 401(K) RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

1. DESCRIPTION OF PLAN

The Better Baked Foods, Inc. 401(k) Retirement Plan (the Plan or BBF Plan) is a defined contribution plan covering substantially all employees of Better Baked Foods, Inc., Better Results, Inc., Better Baked Foods of Erie, LLC, NE Foods, Inc. and Drayton Foods, LLC (the Companies or Plan Sponsor). The Plan was established July 1, 1981 and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The following description of the Plan only provides general information. Participants should refer to the Plan agreement or the Summary Plan Description for a more complete description of the Plan's provisions.

PARTICIPATION

Employees of the Plan Sponsor who have attained age 18 have completed three months of service are eligible to make elective deferrals and receive discretionary employer matching contributions. Employees who have attained age 18 and have completed one year of service, as defined, are eligible to receive discretionary profit sharing contributions. The plan entry dates are the first of each quarter during the year for elective deferrals and matching contributions, and the first of each month for discretionary profit sharing contributions.

CONTRIBUTIONS

Participants may elect to defer a specified percentage of compensation, as defined, not to exceed Internal Revenue Code limitations. The Plan Sponsor may make discretionary matching contributions. For non-Drayton employees, the Plan Sponsor matched 50% of a participant's elective deferrals for the first 5% of their compensation, and matched 20% of deferrals on the next 5% of compensation during 2012 and 2011. For Drayton employees, the Plan Sponsor matched 50% of a participant's contributions, disregarding any elective deferral contribution in excess of 6% of compensation.

In addition, the Plan Sponsor may make discretionary profit sharing contributions to all participants who are employed on the last day of the Plan year and have completed 1,000 hours of service during the Plan year. These contributions are allocated based on participant earnings, as defined in the Plan. There were no discretionary allocations in 2012 or 2011.

BETTER BAKED FOODS, INC. 401(K) RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. DESCRIPTION OF PLAN (CONTINUED)

VESTING

Participants are immediately vested in their elective deferral contributions. The vesting percentage in the Plan Sponsor's contributions is shown in the following schedule:

Vesting Service (years)	<u>Vesting Percentage</u>
Less than 2	0%
2	33%
3	67%
4 or more	100%

FORFEITURES

Participants who leave the Plan Sponsor with less than four years of service forfeit the non-vested portion of the Plan Sponsor's contributions. Forfeitures are available to reduce expenses associated with the Plan's administration or offset future Plan Sponsor contributions. Approximately \$8,000 and \$20,000 of forfeitures were utilized to pay administrative expenses during the years ended December 31, 2012 and 2011, respectively. At December 31, 2012, the Plan has approximately \$36,000 of unused forfeitures.

NOTES RECEIVABLE FROM PARTICIPANTS

Participants may obtain loans up to the lesser of \$50,000 (reduced by the highest outstanding loan balance the previous year less any current outstanding loan balance), or 50% of the participants' non-forfeitable accrued benefit. In addition, participants may only have one loan outstanding, with a five year maximum term. Loans are subject to a minimum of \$1,000, and bear interest at a rate based upon prevailing market rates.

PLAN TERMINATION

The Plan Sponsor intends to continue the Plan indefinitely, but reserves the right to terminate the Plan at any time subject to the provisions of ERISA. In the event of termination, participants will become fully vested in their accrued benefits.

BETTER BAKED FOODS, INC. 401(K) RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounting records are maintained on the accrual basis.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

The plan invests in fully benefit-responsive investment contracts through a common collective trust (Federated Capital Preservation Fund).

VALUATION OF INVESTMENTS

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

NOTES RECEIVABLE FROM PARTICIPANTS

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. No allowance for credit losses has been recorded as of December 31, 2012 or 2011. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements. Actual results may differ from management's estimates and assumptions.

BETTER BAKED FOODS, INC. 401(K) RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through the audit report date, the date the financial statements were available to be issued.

3. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification 820 *Fair Value Measurements* (ASC 820) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The financial instruments' fair value measurement level is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy under ASC 820 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 - Other significant observable inputs (including quoted prices in active markets for similar financial instruments), or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

- Registered investment companies – Fair value is based on quoted net asset values of the shares held by the Plan.
- Common collective trusts – The fair value of the common collective trust is based upon the fair value of underlying assets in the trust's audited financial statements, as determined by discounting expected future cash flows.

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

BETTER BAKED FOODS, INC. 401(K) RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value information for investments held at December 31, 2012 is as follows:

	Level 1	Level 2	Level 3	Total
Registered investment companies:				
Large cap	\$ 3,480,369	\$ -	\$ -	\$ 3,480,369
Mid cap	1,032,112	-	-	1,032,112
Small cap	422,740	-	-	422,740
International	1,130,136	-	-	1,130,136
Lifestyle / Balanced	2,168,257	-	-	2,168,257
Sector	1,501,325	-	-	1,501,325
Fixed income	2,201,051	-	-	2,201,051
Common collective trust	-	2,724,437	-	2,724,437
Total assets at fair value	<u>\$ 11,935,990</u>	<u>\$ 2,724,437</u>	<u>\$ -</u>	<u>\$ 14,660,427</u>

Fair value information for investments held at December 31, 2011 is as follows:

	Level 1	Level 2	Level 3	Total
Registered investment companies:				
Large cap	\$ 3,116,050	\$ -	\$ -	\$ 3,116,050
Mid cap	976,398	-	-	976,398
Small cap	386,360	-	-	386,360
International	1,009,267	-	-	1,009,267
Lifestyle / Balanced	1,897,975	-	-	1,897,975
Sector	1,315,242	-	-	1,315,242
Fixed income	2,360,324	-	-	2,360,324
Common collective trust	-	2,783,781	-	2,783,781
Total assets at fair value	<u>\$ 11,061,616</u>	<u>\$ 2,783,781</u>	<u>\$ -</u>	<u>\$ 13,845,397</u>

4. INVESTMENTS

Except for the adjustment from fair value to contract value, all investment information disclosed in the accompanying financial statements and schedule, including investments held at December 31, 2012 and 2011, and net investment gains (losses) from registered investment companies and common collective trusts for the years then ended, were obtained or derived from information supplied to the plan administrator and certified as complete and accurate by Alerus Financial, N.A., the custodian of the Plan.

BETTER BAKED FOODS, INC. 401(K) RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. INVESTMENTS (CONTINUED)

The Federated Capital Preservation Fund (the "Trust") is a common collective trust which invests primarily in investment contracts offered by insurance companies and commercial banks. Certain events, such as the premature termination of the contract by the Plan or the termination of the Plan, could limit the Plan's ability to transact at contract value with the Trust. The Plan administrator believes the occurrence of such events that would also limit the Plan's ability to transact at contract value with Plan participants is not probable.

The fair value of individual investments that represent 5% or more of the Plan's net assets as of December 31, 2012 or 2011 are as follows:

	2012	2011
Federated Capital Preservation Fund	\$ 2,724,437	\$ 2,783,781
Manning & Napier Pro-Blend Moderate Term S Fund	1,588,814	1,390,304
MFS Utilities Fund R4	1,280,381	1,169,302
Met West Total Return Bond Fund M	****	847,865

**** - Investment is less than 5% at respective date

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

5. PARTY-IN-INTEREST TRANSACTIONS

The Plan incurs various management fees and operating expenses for its investments in registered investment companies and common collective trust. These costs are not reflected separately, but are included in the net investment return of these investments.

Expenses paid from Plan assets consist primarily of investment advisory, loan initiation, withdrawal, and recordkeeping fees. In addition, during 2011, auditing fees were paid from the Plan's forfeiture balances. Any services not paid by the Plan services were provided at the expense of the Plan Sponsor. Fees paid were based upon customary and reasonable rates for such services.

BETTER BAKED FOODS, INC. 401(K) RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. TAX STATUS

The Plan has received an opinion letter from the Internal Revenue Service dated March 31, 2008, stating that the written form of the underlying prototype plan document is qualified under Section 401(a) of the Internal Revenue Code (the "Code"), and that any employer adopting this form of the Plan will be considered to have a plan qualified under Section 401(a) of the Code. Therefore, the related trust is exempt from taxation. Subsequent to the issuance of this opinion letter, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Sponsor has indicated that it will take the necessary steps to maintain the Plan's qualified status.

The Plan Sponsor has concluded that as of December 31, 2012, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Sponsor believes it is no longer subject to tax examinations for reporting years prior to 2009.

7. RECONCILIATION TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31, 2012 and 2011:

	2012	2011
Net assets available per the financial statements	\$ 15,401,361	\$ 14,519,285
Less: contributions receivable at December 31, 2011	(6,474)	(14,555)
Net assets available per the Form 5500	<u>\$ 15,394,887</u>	<u>\$ 14,504,730</u>

The following is a reconciliation of contributions per the financial statements to the Form 5500 for the years ended December 31, 2012 and 2011:

	2012	2011
Contributions per the financial statements	\$ 1,107,741	\$ 1,323,385
Adjust: contributions receivable at December 31, 2012	(6,474)	-
Adjust: contributions receivable at December 31, 2011	14,555	(14,555)
Contributions per the Form 5500	<u>\$ 1,115,822</u>	<u>\$ 1,308,830</u>

Contributions on the Form 5500 are recorded on the cash basis.

SUPPLEMENTAL SCHEDULE

BETTER BAKED FOODS, INC. 401(k) RETIREMENT PLAN

EIN: 16-0978200

PLAN NUMBER: 001

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

December 31, 2012

Identity of Issuer	Security Description	Fair Value
Common collective trust:		
Federated Investors	Federated Capital Preservation Fund	\$ 2,724,437
Investments in registered investment companies:		
American Funds	American Funds New World Funds R6	268,917
BlackRock Investments	Blackrock Global Allocation Fund A	125,250
Dimensional Fund Advisors	DFA International Value Fund I	69,476
Fairholme Capital Management	The Fairholme Fund	482,684
ING Investments	ING Corporate Leaders Trust Fund Series B	488,119
Janus Investments	Janus Balanced Fund I	9,689
Jensen Investment Advisors	The Jensen Portfolio Class J	618,173
Manning & Napier Advisors	M&N Pro-Blend Maximum Term S	398,827
Manning & Napier Advisors	M&N Pro-Blend Moderate Term S	1,588,814
Manning & Napier Advisors	M&N Pro-Blend Conservative Term S	569,754
Manning & Napier Advisors	M&N World Opportunities Fund A	666,493
Metropolitan West Funds	Met West Total Return Bond Fund M	694,063
MFS Investment Management	MFS Utilities Fund R4	1,280,381
Nuveen Investments	Nuveen Real Estate Securities Fund Class I	220,944
Janus Investments	Perkins Mid Cap Value Fund J	218,343
PIMCO Funds	PIMCO High Yield Fund - Institutional	216,317
PIMCO Funds	Pimco Total Return Fund - Institutional	302,247
PRIMECAP Management Co.	PRIMECAP Odyssey Aggressive Growth Fund	537,020
PRIMECAP Management Co.	PRIMECAP Odyssey Growth Fund	301,125
Royce & Associates	Royce Premier Fund - Investment Class	276,749
Schwab Funds	Schwab S&P 500 Index Fund - Select	586,785
Stratton Management Company	Stratton Small-Cap Value Fund	422,740
T. Rowe Price Associates	T. Rowe Price Equity Income Fund	366,741
Vanguard Investments	Vanguard Dividend Growth Fund	237,915
Vanguard Investments	Vanguard Inflation-Protected Securities Fund	740,129
Vanguard Investments	Vanguard Total Bond Market Index Fund	248,295
		11,935,990
* Notes receivable from participants	Interest rates from 4.25% - 9.25%	781,633
		\$ 15,442,060

* Indicates party-in-interest to the Plan.

BETTER BAKED FOODS, INC. 401(k) RETIREMENT PLAN

EIN: 16-0978200

PLAN NUMBER: 001

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

December 31, 2012

Identity of Issuer	Security Description	Fair Value
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Federated Investors	Federated Capital Preservation Fund	\$ 2,724,437
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BlackRock Investments	Blackrock Global Allocation Fund A	125,250
Dimensional Fund Advisors	DFA International Value Fund I	69,476
Fairholme Capital Management	The Fairholme Fund	482,684
ING Investments	ING Corporate Leaders Trust Fund Series B	488,119
Janus Investments	Janus Balanced Fund I	9,689
Jensen Investment Advisors	The Jensen Portfolio Class J	618,173
Manning & Napier Advisors	M&N Pro-Blend Maximum Term S	398,827
Manning & Napier Advisors	M&N Pro-Blend Moderate Term S	1,588,814
Manning & Napier Advisors	M&N Pro-Blend Conservative Term S	569,754
Manning & Napier Advisors	M&N World Opportunities Fund A	666,493
Metropolitan West Funds	Met West Total Return Bond Fund M	694,063
MFS Investment Management	MFS Utilities Fund R4	1,280,381
Nuveen Investments	Nuveen Real Estate Securities Fund Class I	220,944
Janus Investments	Perkins Mid Cap Value Fund J	218,343
PIMCO Funds	PIMCO High Yield Fund - Institutional	216,317
PIMCO Funds	Pimco Total Return Fund - Institutional	302,247
PRIMECAP Management Co.	PRIMECAP Odyssey Aggressive Growth Fund	537,020
PRIMECAP Management Co.	PRIMECAP Odyssey Growth Fund	301,125
Royce & Associates	Royce Premier Fund - Investment Class	276,749
Schwab Funds	Schwab S&P 500 Index Fund - Select	586,785
Stratton Management Company	Stratton Small-Cap Value Fund	422,740
T. Rowe Price Associates	T. Rowe Price Equity Income Fund	366,741
Vanguard Investments	Vanguard Dividend Growth Fund	237,915
Vanguard Investments	Vanguard Inflation-Protected Securities Fund	740,129
Vanguard Investments	Vanguard Total Bond Market Index Fund	248,295
		<u>11,935,990</u>
* Notes receivable from participants	Interest rates from 4.25% - 9.25%	781,633
		<u><u>\$ 15,442,060</u></u>

* Indicates party-in-interest to the Plan.