

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 2012 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>YOUNG & FRANKLIN INC 401(K) 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>002</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/1996</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>002</u>	1c Effective date of plan <u>01/01/1996</u>	
1b Three-digit plan number (PN) ▶	<u>002</u>				
1c Effective date of plan <u>01/01/1996</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>YOUNG & FRANKLIN INC</u> <u>942 OLD LIVERPOOL ROAD</u> <u>LIVERPOOL, NY 13088</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>15-0498830</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>315-552-2112</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>332900</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>15-0498830</u>	2c Sponsor's telephone number <u>315-552-2112</u>	2d Business code (see instructions) <u>332900</u>	
2b Employer Identification Number (EIN) <u>15-0498830</u>					
2c Sponsor's telephone number <u>315-552-2112</u>					
2d Business code (see instructions) <u>332900</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>10/10/2013</u> Date	<u>CHERYL SAUNDERS</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 YOUNG & FRANKLIN INC 942 OLD LIVERPOOL ROAD LIVERPOOL, NY 13088		3b Administrator's EIN 15-0498830
		3c Administrator's telephone number 315-552-2112
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		5 356
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	337
b Retired or separated participants receiving benefits.....	6b	1
c Other retired or separated participants entitled to future benefits.....	6c	41
d Subtotal. Add lines 6a , 6b , and 6c	6d	379
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	1
f Total. Add lines 6d and 6e	6f	380
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	375
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	8
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: 2F 2G 2J 2K 3D 2T 2E 3H		
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) ☐ <u>0</u> 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>YOUNG & FRANKLIN INC 401(K) RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>YOUNG & FRANKLIN INC</u>	D Employer Identification Number (EIN) <u>15-0498830</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

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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)

T. ROWE PRICE RPS, INC.

52-1309931

(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 28 49 57 63 21 37 50 59 64 25 38 52 62 65	NONE	0	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

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

THORNBURG FUNDS

85-0301299

(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?
28 59	NONE	0	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
T. ROWE PRICE RPS, INC.	15 38 59 21 49 62 25 50 63 28 52 64 37 57 65	0
(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.	
THORNBURG INTERNATIONAL VALUE FUND 2300 NORTH RIDGETOP ROAD SANTA FE, NM 87506	FEE FOR SHAREHOLDER SERVICING BASED UPON 0.35%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
THORNBURG FUNDS	28 59	0
(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.	
THORNBURG INTERNATIONAL VALUE FUND 2300 NORTH RIDGETOP ROAD SANTA FE, NM 87506	INVESTMENT MANAGEMENT FEE BASED ON 0.99%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

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

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 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 YOUNG & FRANKLIN INC 401(K) RETIREMENT PLAN	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 YOUNG & FRANKLIN INC	D Employer Identification Number (EIN) 15-0498830	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
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	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	352759	389798
	(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)	802528	1350231
	(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)	561458	557135
	(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)	16647728	19839441
	(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	18364473	22136605

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	0	6934
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	6934

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	18364473	22129671
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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) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	790646	
(B) Participants	2a(1)(B)	1468885	
(C) Others (including rollovers)	2a(1)(C)	270550	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		2530081
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	84	
(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)	16354	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		16438
(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)	752975	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		752975
(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)		
(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)		1716478
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		5015972

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1242164	
(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)		1242164
f Corrective distributions (see instructions)	2f		7585
g Certain deemed distributions of participant loans (see instructions).....	2g		1025
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)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1250774

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		3765198
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: **FIRLEY, MORAN, FREER & EASSA, PC**

(2) EIN: **16-1148763**

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>YOUNG & FRANKLIN INC 401(K) RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>YOUNG & FRANKLIN INC</u>	D Employer Identification Number (EIN) <u>15-0498830</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>04-3583801</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.
----------------	---

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): _____

Audited Financial Statements

**YOUNG & FRANKLIN INC.
401(k) RETIREMENT PLAN**

December 31, 2012

Audited Financial Statements

YOUNG & FRANKLIN INC. 401(k) RETIREMENT PLAN

December 31, 2012

Independent Auditor's Report.....	1
Statements of Net Assets Available for Benefits	3
Statements of Changes in Net Assets Available for Benefits	4
Notes to Financial Statements.....	5
Schedule H, Line 4i--Schedule of Assets (Held at End of Year).....	14



Firley, Moran, Freer & Eassa, CPA, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator
Young & Franklin Inc. 401(k) Retirement Plan
Liverpool, New York

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Young & Franklin Inc. 401(k) Retirement Plan (the "Plan"), which comprise the statement of net assets available for benefits as of December 31, 2012, and the related statement of changes in net assets available for benefits for the year 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

Our 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, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2012 financial statements.

Basis for Disclaimer of Opinion on the 2012 Financial Statements

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note D, which was certified or provided by State Street Bank and Trust Company, the trustee of the Plan, except for comparing this information with the related information included in the 2012 financial statements. We have been informed by the Plan Administrator that the trustee holds the Plan's assets and executes transactions. The Plan Administrator has obtained a certification from the trustee as of and for the year ended December 31, 2012, that the information provided to the Plan Administrator by the trustee is complete and accurate.

An Independently Owned Member, McGladrey Alliance

McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. McGladrey Alliance member firms maintain their name, autonomy and independence and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.

Disclaimer of Opinion on the 2012 Financial Statements

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2012 financial statements. Accordingly, we do not express an opinion on the 2012 financial statements as a whole.

Other Matter--Report on Supplementary Information

The supplemental schedule, Schedule of Assets (Held at End of Year) as of December 31, 2012, is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis but 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, we do not express an opinion on the supplemental schedule as a whole.

Other Matter--Report on 2011 Financial Statements

We have audited the accompanying 2011 financial statements of the Plan, which comprise the statement of net assets available for benefits as of December 31, 2011 and the statement of changes in net assets available for benefits for the year then ended, and in our report dated October 3, 2012, we expressed our opinion that such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2011 and the changes in net assets available for benefits for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified or provided by the trustee have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Xirley, Moran, Green & Esser, CPA, P.C.

East Syracuse, New York
October 9, 2013

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

YOUNG & FRANKLIN INC. 401(k) RETIREMENT PLAN

	December 31,	
	2012	2011
ASSETS		
Participant directed investments, at fair value:		
Registered investment companies	\$ 19,839,441	\$ 16,647,728
Interest-bearing cash	1,350,231	802,528
TOTAL INVESTMENTS	21,189,672	17,450,256
Receivables:		
Employer contributions:		
Match	177,995	161,595
Discretionary	211,803	191,164
	389,798	352,759
Notes from participants	557,135	561,458
TOTAL RECEIVABLES	946,933	914,217
TOTAL ASSETS	22,136,605	18,364,473
LIABILITIES		
Excess contributions payable	6,934	-0-
TOTAL LIABILITIES	6,934	-0-
NET ASSETS AVAILABLE FOR BENEFITS	\$ 22,129,671	\$ 18,364,473

See notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YOUNG & FRANKLIN INC. 401(k) RETIREMENT PLAN

	Year ended December 31,	
	2012	2011
ADDITIONS		
Additions to net assets attributed to:		
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	\$ 1,716,478	\$ (610,632)
Dividends	752,975	750,116
Interest	84	94
	<u>2,469,537</u>	<u>139,578</u>
Interest income on notes receivable from participants	16,354	20,401
Contributions:		
Participants' salary deferrals and rollovers	1,731,850	1,532,943
Employer matching	362,530	331,293
Employer discretionary	428,116	394,715
	<u>2,522,496</u>	<u>2,258,951</u>
TOTAL ADDITIONS	<u>5,008,387</u>	<u>2,418,930</u>
DEDUCTIONS		
Deductions from net assets attributed to:		
Benefits paid to participants	1,243,189	1,316,253
TOTAL DEDUCTIONS	<u>1,243,189</u>	<u>1,316,253</u>
NET INCREASE	<u>3,765,198</u>	<u>1,102,677</u>
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	<u>18,364,473</u>	<u>17,261,796</u>
END OF YEAR	<u><u>\$ 22,129,671</u></u>	<u><u>\$ 18,364,473</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YOUNG & FRANKLIN INC. 401(k) RETIREMENT PLAN

December 31, 2012 and 2011

NOTE A--DESCRIPTION OF THE PLAN

The following description of the Young & Franklin Inc. 401(k) Retirement Plan (the “Plan”) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

General: The Plan is a defined contribution plan covering substantially all employees of Young & Franklin Inc. (the “Company”) and its wholly-owned subsidiary, Tactair Fluid Controls Inc., who have completed one month of service. An employee is eligible to participate in the Plan on the first day of the month following the date the eligibility requirements are met. The Plan is subject to the provisions of ERISA. The Board of Directors is responsible for oversight of the Plan. The Investment Committee determines the appropriateness of the Plan’s investment offerings, monitors investment performance and reports to the Board of Directors.

Effective July 1, 2012, Plan management amended the Plan to name State Street Bank and Trust Company as the Plan’s Corporate Trustee.

Contributions: Each year, participants may contribute tax-deferred and after-tax Roth dollars through payroll deferrals, of up to the maximum deferrals in any calendar year as set forth in the Internal Revenue Code (IRC). Current tax law limits each participant’s total pretax and Roth deferrals to \$17,000 and \$16,500 for the years ended December 31, 2012 and 2011, respectively. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollover). Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan includes an auto enrollment provision, whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect not to participate in the Plan. Automatically enrolled participants have their deferral rate set at 4 percent of eligible compensation and their contributions invested in a designated balanced fund, which is based on the participant’s expected retirement date, until changed by the participant. The Plan allows for matching and discretionary amounts to be contributed at the option of the Company. In 2012 and 2011, the Company matching contribution was 50% of the first 4% of eligible wages deferred, and the Company discretionary contribution was 2% of an employee’s eligible wages. The Company’s matching contribution was \$362,530 and \$331,293 for the years ended December 31, 2012 and 2011, respectively. The Company’s discretionary contribution was \$428,116 and \$394,715 for the years ended December 31, 2012 and 2011, respectively. Contributions are subject to certain Internal Revenue Service (IRS) limitations.

NOTES TO FINANCIAL STATEMENTS--Continued

YOUNG & FRANKLIN INC. 401(k) RETIREMENT PLAN

December 31, 2012 and 2011

NOTE A--DESCRIPTION OF THE PLAN--Continued

Participant Accounts: Each participant's account is credited with the participant's contributions, Company matching contributions, Company discretionary contributions, as well as an allocation of Plan earnings and losses. Plan earnings and losses are allocated based on account balances. The retirement benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting: Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the Company's matching and discretionary contribution portion of their accounts is based on years of continuous service. A participant is fully vested after three years of credited service.

Receivables--Notes From Participants: Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50 percent of their account balance. Terms of the loans generally require repayment over a period not extending beyond five years from the date of the loan. The Company may permit longer repayment terms if the loan is for the purchase of a principal residence. Loans are secured by the balance in the participant's account and bear reasonable rates of interest as determined by the Plan Administrator by reviewing interest rates charged for similar types of loans by other lenders. Principal and interest are paid ratably through payroll deductions.

Payment of Benefits: Upon termination of a participant's employment for any reason, including death, disability or retirement, and if a participant's vested account balance is greater than \$5,000, a participant may elect to receive either a lump-sum amount equal to the value of the participant's account or equal installment payments over a period of years not longer than the participant's assumed life expectancy (or the assumed life expectancy of the participant's beneficiary). If a participant's vested account balance is between \$1,000 and \$5,000, a participant may elect to receive a lump-sum amount equal to the value of the participant's account. If a participant's vested account balance is \$1,000 or less, and they fail to make an election within thirty days of termination, a lump sum benefit will be paid to the participant without their consent.

Forfeited Accounts: Company matching and discretionary contributions from forfeited nonvested accounts are retained by the Plan and are used to offset subsequent Company matching and discretionary contributions. At December 31, 2012 and 2011, there were \$3,456 and \$-0-, respectively, in forfeited nonvested accounts available to the Company. In 2012 and 2011, Company contributions were reduced by \$109 and \$19, respectively, from forfeited nonvested accounts.

NOTES TO FINANCIAL STATEMENTS--Continued

YOUNG & FRANKLIN INC. 401(k) RETIREMENT PLAN

December 31, 2012 and 2011

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition: Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's Investment Committee determines the Plan's valuation policies utilizing information provided by the trustee. See Note C for a discussion of fair value measurements.

Purchases and sales of shares in registered investment companies are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Receivables--Notes From Participants: Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. No allowance for credit losses has been recorded at December 31, 2012 and 2011. If a participant ceases to make loan repayments and the Plan Administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Excess Contributions Payable: Amounts payable to participants for contributions in excess of amounts allowed by the IRS are recorded as a liability with a corresponding reduction to contributions. The Plan distributed the 2012 excess contributions to the applicable participants prior to March 15, 2013.

Payment of Benefits: Benefits are recorded when paid.

Events Occurring After Report Date: The Plan's management has evaluated events and transactions that occurred between December 31, 2012 and October 9, 2013, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. There were no such events or transactions identified by Plan management.

NOTES TO FINANCIAL STATEMENTS--Continued

YOUNG & FRANKLIN INC. 401(k) RETIREMENT PLAN

December 31, 2012 and 2011

NOTE B--SIGNIFICANT ACCOUNTING POLICIES--Continued

Reclassifications: Certain amounts from the 2011 financial statements have been reclassified to conform to the 2012 presentation.

NOTE C--FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides 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 (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under Financial Accounting Standards Board Accounting Standards Codification Topic 820, "Fair Value Measurements and Disclosures", 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 to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

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

NOTES TO FINANCIAL STATEMENTS--Continued

YOUNG & FRANKLIN INC. 401(k) RETIREMENT PLAN

December 31, 2012 and 2011

NOTE C--FAIR VALUE MEASUREMENTS--Continued

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

Registered investment companies: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Interest-bearing cash: The carrying amount of interest-bearing cash approximates fair value due to the nature of the instrument.

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

The following table sets forth by Level, within the fair value hierarchy, the Plan's investments at fair value.

Investments at Fair Value as of:				
December 31, 2012				
	Level 1	Level 2	Level 3	Total
Registered investment companies	\$ 19,839,441	\$ -0-	\$ -0-	\$ 19,839,441
Interest-bearing cash	1,350,231	-0-	-0-	1,350,231
Total investments at fair value	<u>\$ 21,189,672</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 21,189,672</u>
December 31, 2011				
	Level 1	Level 2	Level 3	Total
Registered investment companies	\$ 16,647,728	\$ -0-	\$ -0-	\$ 16,647,728
Interest-bearing cash	802,528	-0-	-0-	802,528
Total investments at fair value	<u>\$ 17,450,256</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 17,450,256</u>

NOTES TO FINANCIAL STATEMENTS--Continued

YOUNG & FRANKLIN INC. 401(k) RETIREMENT PLAN

December 31, 2012 and 2011

NOTE D--INVESTMENTS

The following is a summary of the Plan's asset information as of and for the years ended December 31, 2012 and 2011, included throughout the Plan's financial statements and supplemental schedule, that was prepared by or derived from information provided by State Street Bank and Trust Company, the trustee of the Plan, and furnished to the Plan Administrator. The Plan Administrator has obtained a certification from the trustee that information provided to the Plan Administrator by the trustee related to the following assets as of and for the year ended December 31, 2012 is complete and accurate. Accordingly, as permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, the Plan Administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to information which appears throughout the 2012 financial statements and supplemental schedule related to the following assets. Each asset representing 5% or more of the Plan's net assets is separately identified.

	December 31,	
	2012	2011
	(Unaudited)	(Audited)
Registered investment companies at fair value as determined by quoted market prices:		
U.S. Treasury Long-Term Fund	\$ 1,292,696	\$ 1,092,786
Equity Index Fund	1,456,063	1,322,623
Mid-Cap Growth Fund	3,606,492	3,325,668
Capital Appreciation Fund	1,330,895	1,089,683
New Horizons Fund	2,095,426	1,687,963
Retire 2030 Fund	1,248,495	981,645
Small Cap Value Fund	1,147,390	948,914
Blue Chip Growth Fund	1,129,456	966,478
Other target-date funds	4,008,176	3,408,885
Other funds	<u>2,524,352</u>	<u>1,823,083</u>
	19,839,441	16,647,728
Interest-bearing cash, at fair value:		
Prime Reserve Fund	<u>1,350,231</u>	<u>802,528</u>
TOTAL INVESTMENTS	<u>\$ 21,189,672</u>	<u>\$ 17,450,256</u>
Receivables--notes from participants	<u>\$ 557,135</u>	<u>\$ 561,458</u>

NOTES TO FINANCIAL STATEMENTS--Continued

YOUNG & FRANKLIN INC. 401(k) RETIREMENT PLAN

December 31, 2012 and 2011

NOTE D--INVESTMENTS--Continued

State Street Bank and Trust Company also certified to the completeness and accuracy of \$1,716,478 of net appreciation in fair value of investments, \$752,975 of dividends and \$16,438 of interest income related to the aforementioned Plan assets for the year ended December 31, 2012. During 2011 the Plan's investments (including investments bought, sold and held during the year) depreciated in value by \$610,632.

NOTE E--RELATED PARTY AND PARTY IN INTEREST TRANSACTIONS

The Plan invests in various shares of registered investment companies managed by T. Rowe Price. T. Rowe Price is an affiliate of Boston Financial Data Services, the Plan's recordkeeper. The Plan's investments are held with State Street Bank and Trust Company, the Plan's trustee, therefore, these transactions qualify as party in interest transactions and are exempt from the prohibited transaction rules. Fees incurred by the Plan for the investment management services are included in net appreciation in fair value of investments. The Plan sponsor pays directly all other fees related to the Plan's operations.

NOTE F--PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their employer contributions.

NOTE G--TAX STATUS

The Plan adopted a non-standardized form of a prototype plan sponsored by Boston Financial Data Services, the recordkeeper. The IRS has determined and informed the prototype plan sponsor by a letter dated March 31, 2008, that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Plan has been amended since adopting this prototype plan. However, the Plan Administrator believes that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

NOTES TO FINANCIAL STATEMENTS--Continued

YOUNG & FRANKLIN INC. 401(k) RETIREMENT PLAN

December 31, 2012 and 2011

NOTE G--TAX STATUS--Continued

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2009.

NOTE H--RISKS AND UNCERTAINTIES

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

NOTE I--RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

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

	December 31,	
	2012	2011
Net assets available for benefits per the financial statements	\$ 22,129,671	\$ 18,364,473
Differences in:		
Investments	557,135	561,458
Receivables--notes from participants	(557,135)	(561,458)
Net assets available for benefits per the Form 5500	<u>\$ 22,129,671</u>	<u>\$ 18,364,473</u>

NOTES TO FINANCIAL STATEMENTS--Continued

YOUNG & FRANKLIN INC. 401(k) RETIREMENT PLAN

December 31, 2012 and 2011

NOTE I--RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500--Continued

The following is a reconciliation of the net increase in assets per the accompanying financials to the respective Form 5500:

	Year ended December 31,	
	2012	2011
Net increase per financial statements	\$3,765,198	\$ 1,102,677
Differences in:		
Participants' salary deferrals	7,585	1,396
Excess contributions distributed	<u>(7,585)</u>	<u>(1,396)</u>
Net increase per Form 5500	<u>\$3,765,198</u>	<u>\$ 1,102,677</u>

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

YOUNG & FRANKLIN INC. 401(k) RETIREMENT PLAN

EIN: 15-0498830

PLAN NO. 002

December 31, 2012

(a)	(b)Identity of Issue, Borrower, Lessor or Similar Party	(c)Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d)Cost	(e)Current Value
<u>Registered Investment Companies</u>				
*	T. Rowe Price International Stock Fund	42,098 shares - Mutual Fund		\$ 606,216
*	T. Rowe Price New Horizons Fund	63,172 shares - Mutual Fund		2,095,426
*	T. Rowe Price Small Cap Value Fund	29,293 shares - Mutual Fund		1,147,390
*	T. Rowe Price Mid Cap Growth Fund	63,866 shares - Mutual Fund		3,606,492
*	T. Rowe Price U.S. Treasury Long-Term Fund	95,614 shares - Mutual Fund		1,292,696
*	T. Rowe Price Capital Appreciation Fund	59,815 shares - Mutual Fund		1,330,895
*	T. Rowe Price Spectrum Income Fund	23,115 shares - Mutual Fund		300,491
*	T. Rowe Price Equity Index 500 Fund	37,918 shares - Mutual Fund		1,456,063
*	T. Rowe Price Blue Chip Growth Fund	24,752 shares - Mutual Fund		1,129,456
*	T. Rowe Price Retirement 2010 Fund	12,760 shares - Mutual Fund		210,156
*	T. Rowe Price Retirement 2020 Fund	42,804 shares - Mutual Fund		765,330
*	T. Rowe Price Retirement 2030 Fund	65,988 shares - Mutual Fund		1,248,495
*	T. Rowe Price Retirement 2040 Fund	18,711 shares - Mutual Fund		357,197
*	T. Rowe Price Retirement Income Fund	74,425 shares - Mutual Fund		1,038,233
*	T. Rowe Price Retirement 2005 Fund	16,285 shares - Mutual Fund		197,695
*	T. Rowe Price Retirement 2015 Fund	49,974 shares - Mutual Fund		643,660
*	T. Rowe Price Retirement 2025 Fund	78,819 shares - Mutual Fund		1,034,111
*	T. Rowe Price Retirement 2035 Fund	26,096 shares - Mutual Fund		349,169
*	T. Rowe Price Retirement 2045 Fund	23,204 shares - Mutual Fund		294,917
*	T. Rowe Price Retirement 2050 Fund	10,684 shares - Mutual Fund		113,893
*	T. Rowe Price Retirement 2055 Fund	3,989 shares - Mutual Fund		42,048
	Thornburg International Value	20,664 shares - Mutual Fund		579,412
		Subtotal		19,839,441
<u>Interest-Bearing Cash</u>				
*	T. Rowe Price Prime Reserve Fund	1,350,231 shares - Mutual Fund		1,350,231
*	Receivables--Notes from participants	2.25% - 6.50%		557,135
		Total		<u>\$21,746,807</u>

* Represents party in interest.

Schedule H, Line 4i				
Schedule of Assets (Held At End of Year)				
Name of Plan:				
YOUNG & FRANKLIN INC 401(k) Retirement Plan				
Employer Identification Number: ▶		15-0498830		
For plan year (beginning/ending): ▶		1/1/12-12/31/12	Plan number:002	
(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
*	T. ROWE PRICE INTNL STOCK	MUTUAL FUND		606216
*	T. ROWE PRICE NEW HORIZONS	MUTUAL FUND		2095426
*	T. ROWE PRICE PRIME RESERVE	INTEREST-BEARING CASH		1350231
*	T. ROWE PRICE SMALL-CAP VALUE	MUTUAL FUND		1147390
*	T. ROWE PRICE MID-CAP GROWTH	MUTUAL FUND		3606492
*	T. ROWE PRICE U.S. TRSRY LONG TERM	MUTUAL FUND		1292696
*	T. ROWE PRICE CAPITAL APPRECIATION	MUTUAL FUND		1330895
*	T. ROWE PRICE SPECTRUM INCOME	MUTUAL FUND		300491
*	T. ROWE PRICE EQUITY INDEX 500	MUTUAL FUND		1456063
*	T. ROWE PRICE BLUE CHIP GROWTH	MUTUAL FUND		1129456
*	T. ROWE PRICE RETIREMENT 2010	MUTUAL FUND		210156
*	T. ROWE PRICE RETIREMENT 2020	MUTUAL FUND		765330
*	T. ROWE PRICE RETIREMENT 2030	MUTUAL FUND		1248495
*	T. ROWE PRICE RETIREMENT 2040	MUTUAL FUND		357197
*	T. ROWE PRICE RETIREMENT INCOME	MUTUAL FUND		1038233
*	T. ROWE PRICE RETIREMENT 2005	MUTUAL FUND		197695
*	T. ROWE PRICE RETIREMENT 2015	MUTUAL FUND		643660
*	T. ROWE PRICE RETIREMENT 2025	MUTUAL FUND		1034111
*	T. ROWE PRICE RETIREMENT 2035	MUTUAL FUND		349169
*	T. ROWE PRICE RETIREMENT 2045	MUTUAL FUND		294917
*	T. ROWE PRICE RETIREMENT 2050	MUTUAL FUND		113893
*	T. ROWE PRICE RETIREMENT 2055	MUTUAL FUND		42048
	THORNBURG INTERNATIONAL VALUE	MUTUAL FUND		579412

[illegible]