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

Part I Annual Report Identification Information

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

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

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

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

Part II Basic Plan Information—enter all requested information

1a Name of plan
LOZANO SMITH 401(K) PROFIT SHARING PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/1996

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

LOZANO SMITH LLP

7404 N. SPALDING AVE.
FRESNO, CA 93720

2b Employer Identification Number (EIN) 80-0874383

2c Sponsor's telephone number 559-431-5600

2d Business code (see instructions) 541110

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2013	ANDY GARCIA
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2013	ANDY GARCIA
	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 [X] Same as Plan Sponsor Name [ ] Same as Plan Sponsor Address

3b Administrator's EIN

3c Administrator's telephone number

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

a Sponsor's name
LOZANO SMITH

4b EIN
77-0167183

4c PN
001

5	Total number of participants at the beginning of the plan year	**5**	112
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**	84
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	31
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	115
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	115
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	118
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	7
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:
2A 2E 2F 2G 2J 2K 2T 3D

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)	[X]	Trust
(4)	[ ]	General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)	[ ]	Insurance
(2)	[ ]	Code section 412(e)(3) insurance contracts
(3)	[X]	Trust
(4)	[ ]	General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	[X]	**R** (Retirement Plan Information)
(2)	[ ]	**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)	[ ]	**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	[X]	**H** (Financial Information)
(2)	[ ]	**I** (Financial Information – Small Plan)
(3)	[ ]	**A** (Insurance Information)
(4)	[X]	**C** (Service Provider Information)
(5)	[ ]	**D** (DFE/Participating Plan Information)
(6)	[ ]	**G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**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
LOZANO SMITH 401(K) PROFIT SHARING PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
LOZANO SMITH LLP

D Employer Identification Number (EIN)
80-0874383

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VERISIGHT, INC.

35 IRON POINT CIRCLE
SUITE 100
FOLSOM, CA 95630

(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?
60 64	TPA RECORDKEEPER	9750	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [ ] No [X]

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

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

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

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

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

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

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

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

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

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

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

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

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

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

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

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

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
LOZANO SMITH 401(K) PROFIT SHARING PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
LOZANO SMITH LLP

D Employer Identification Number (EIN)
80-0874383

Part I Asset and Liability Statement

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

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	255021	204748
(2) Participant contributions	1b(2)	25999	25431
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	167651	178494
(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)	335241	284087
(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)	8405491	9749732
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)	3054875	3465869

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	12244278	13908361
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k		
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	12244278	13908361

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)	323206	
	(B) Participants	2a(1)(B)	666592	
	(C) Others (including rollovers)	2a(1)(C)	15087	
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		1004885
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	34	
	(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)	17463	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		17497
	(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)	174205	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		174205
	(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)		
	(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)		

		(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)		1152034
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		2348621
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	674788	
(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)		674788
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	9750	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		9750
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		684538
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		1664083
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)** [X] Disclaimer **(4)** [ ] Adverse

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

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

(1) Name: JANZEN TAMBERI & WONG **(2)** EIN: 77-0250870

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:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	

			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.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		500000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

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

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

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

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
LOZANO SMITH 401(K) PROFIT SHARING PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
LOZANO SMITH LLP

D Employer Identification Number (EIN)
80-0874383

Part I Distributions

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

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 27-4411131

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

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

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

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

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete 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):

LOZANO SMITH 401(k)
PROFIT SHARING PLAN

Financial Statements
Year Ended December 31, 2012
Independent Auditors' Report

LOZANO SMITH 401(K) PROFIT SHARING PLAN

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of Net Assets Available for Benefits	3
Statement of Changes in Net Assets Available for Benefits	4
Notes to Financial Statements	5-10
SUPPLEMENTARY INFORMATION:	
Schedule H, Line 4i, Schedule of Assets (Held at End of Year)	12

JANZEN
TAMBERI
& WONG
ACCOUNTANCY
CORPORATION

George A. Tamberi, CPA
Curtis R. Wong, CPA
Chris A. Ratzlaff, CPA

Irene St. Martin, CPA
Bernadette C. Sowards, CPA
Ruthann L. Cuthbertson, CPA
Christine E. Taylor, CPA
Deborah F. Wong, CPA
Rachel L. Bean, CPA
Scott J. Zulewski, CPA

Alfred D. Janzen, CPA– RET
Jay R. Weed, CPA-RET

7650 N. Palm Avenue
Suite Number 105
Fresno, CA 93711
TEL. (559) 432-0300
FAX (559) 432-2841
E-mail: jtwcpa@jtwcpa.com

MEMBER AMERICAN
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Custodian and Participants of
Lozano Smith 401(k) Profit Sharing Plan
Fresno, California

Report on Financial Statements

We audited the accompanying financial statements of Lozano Smith 401(k) Profit Sharing Plan (the "Plan"), which comprise the statements as of December 31, 2012 and 2011 and for the year ended December 31, 2012, and the supplemental schedule as of and for the year ended December 31, 2012, as listed in the accompanying index, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements and supplemental schedule 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 our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified 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 us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Verisight, Inc., the custodian of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the 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.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial status of Lozano Smith 401(k) Profit Sharing Plan as of December 31, 2012 and 2011, and the changes in its financial status for the year ended December 31, 2012, in accordance with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule listed in the accompanying index, together referred to as "Supplemental Information," is presented for the purpose of additional analysis and is not a required part of the financial statements but are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on Schedule H, Line 4i, Schedule of Assets (Held at end of Year) of the matter described in the Basis for Qualified Opinion paragraph, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Janzen, Tamberi & Wong
Accountancy Corporation

September 30, 2013

LOZANO SMITH 401(k) PROFIT SHARING PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
INVESTMENTS:		
Mutual fund accounts	$13,215,601	$11,460,366
TD Bank money market accounts	178,494	167,651
Total investments	13,394,095	11,628,017
RECEIVABLES:		
Participant contributions receivable	25,431	25,999
Employer contributions/profit sharing receivable	204,748	255,021
Notes receivable from participants	284,087	335,241
Total receivables	514,266	616,261
TOTAL ASSETS	13,908,361	12,244,278
LIABILITIES/NET ASSETS AVAILABLE FOR BENEFITS		
EXCESS CONTRIBUTIONS PAYABLE	-	-
NET ASSETS AVAILABLE FOR BENEFITS	$13,908,361	$12,244,278

See independent auditors' report and notes to financial statements.

LOZANO SMITH 401(k) PROFIT SHARING PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2012

ADDITIONS TO NET ASSETS ATTRIBUTED TO:	
Investment income:	
Net change in fair market value of investments	$ 1,152,034
Interest and dividends	174,239
Total investment income	1,326,273
Interest income on notes receivable from participants	17,463
Contributions:	
Rollovers	15,087
Participants	666,592
Employer	323,206
Total contributions	1,004,885
Total additions to net assets attributed to	2,348,621
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:	
Benefits paid directly to participants	674,788
Administrative expenses	9,750
Total deductions from net assets attributed to	684,538
Net increase	1,664,083
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of year	12,244,278
End of year	$ 13,908,361

See independent auditors' report and notes to financial statements.

LOZANO SMITH 401(k) PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

1. PLAN DESCRIPTION

The following brief description of The Lozano Smith 401(k) Profit Sharing Plan (the "Plan") is provided for general information purposes only. Participants should refer to the plan document for a more complete description of the Plan.

General – The Plan was established for the employees of Lozano Smith (the "Company"), except for independent contractors and part-time employees who work less than 1,000 hours during the Plan year. The Plan became effective January 1, 1996. Effective with the 2003 calendar year, the Plan was amended to reflect certain provisions of the laws referred to collectively as GUST and the Economic Growth and Tax Relief Reconciliation Act of 2001 ("ETTRRA"). Effective July 1, 2006, the Plan was amended to direct Plan forfeitures to be used first to pay for Plan expenses, to eliminate the installment payment option for Plan distributions, and to limit participant loans to one loan outstanding at a time per participant. Effective July 1, 2007, the Plan amended the definition of compensation for allocations to the participant accounts. The Plan has been amended for final EGTRRA restatements effective January 1, 2009. At January 1, 2010, the Plan has been amended to exclude bonuses from the definition of compensation. These amendments have been reflected in the following footnotes. The Plan is administered by Lozano Smith. The Plan is subject to the Employee Retirement Income Securities Act of 1974 ("ERISA").

Eligibility – An employee of the Company normally becomes eligible to participate in the Plan after completing one year of service with the Company and after attaining age twenty-one. Eligible employees may start participating in the Plan on the first day of the month coinciding with or next following the date on which they meet the eligibility requirements.

Administrative Expenses – The costs of administering the Plan, unless paid by the Company or allocable to the accounts of a particular participant, will be paid from any available forfeitures and then from the Plan's funds, and charged to the accounts of all participants on a pro rata basis.

Contributions – Participants may contribute to the Plan through salary deferrals subject to an annual maximum as defined by law ($17,000 in 2012). If the participant is age 50 or older, the participant may elect to defer additional amounts as defined by law ($5,500 in 2012). The Company's matching contributions are made in an amount equal to 50% of the first 3% of eligible compensation deferred by the participants. Each year, the Company determines the amount, if any, to contribute to the Plan as a profit sharing contribution. The contribution is discretionary. Participants direct the investment of contributions and their account balances into investment fund options offered by the Plan.

Participant contributions are immediately 100% vested. The Company's matching and profit sharing contributions vest on a pro rata basis over six years of service. Contributions to the Plan on the employee's behalf may not exceed the less of $50,000 in 2012 and or 100% of the employee's compensation.

Distributions – Distributions from the Plan may be made in the form of single-sum cash payment upon retirement, death, disability, or other termination of employment. The participants may make a direct rollover of their taxable distributions to another employer's qualified retirement plan or individual retirement account. Additionally, a participant may receive a distribution of accounts which are 100% vested in the event of financial hardship.

Participant Accounts – Each participant's account is credited with the participant's contributions and allocations of the Company's contributions and plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Forfeitures – Forfeitures (participants' allocated interest in Plan assets which are not vested because employment is terminated before the vesting period is complete) are allocated among the remaining participants. The forfeitures may be used to reduce future Company matching contributions and Plan expenses with the remaining balance then allocated among the remaining participants. In 2012, employer contributions were reduced by $0 from forfeited nonvested accounts.

Nonvested Receivable from Participants – Active employees participating in the Plan may borrow a minimum amount of $1,000 and a maximum of 50% of their vested balance up to $50,000. Participants may have only one loan outstanding at a time. Loan terms range from one to five years, except that a loan used to acquire principal residence may be repaid over a reasonable time commensurate with the repayment period similar to commercial loans. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the Plan Administrator. Principal and interest is paid ratably through monthly payroll deduction.

In Service Distributions – A participant who has attained the age 59½ and who has separated from service may obtain a distribution if the account is 100% vested. A participant who has attained the Plan's normal retirement age and who has not separated from service may receive a distribution of their vested account balance.

Termination – Although termination of the Plan is not presently contemplated, the Company does have right to terminate the Plan at any time. In the event of termination, participants become 100% vested in the aggregate value of their respective accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Plan are prepared in accordance with accounting principles generally accepted in the United States of America using the accrual basis of accounting.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions to net assets available of Plan benefits during the reporting period. Actual results could differ from those estimates.

Investment Valuation and Income Recognition – Investments of the Plan are valued by TD AMERITRADE Trust Company at December 31, 2012. Mutual funds are valued at quoted market prices which represent the net asset values of shares held by the Plan at year end. Pooled funds contain a variety of mutual funds in a managed portfolio that aggregate an internally generated value based on net asset values of the mutual funds included in the pooled account.

Purchases and sales of investments are accounted for as of the trade date. Interest and dividend income is recorded as of the transaction date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Concentration of Credit Risk – The Plan is subject to concentrations of credit risk with respect to temporary cash investments held at financial institutions which at times may exceed the federally insured deposit limits. The Plan has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash investments.

Federal Income Taxes – The Plan files an annual information return/report (Form 5500) with the Internal Revenue Service under the tax exempt status allowed under the provision of the Internal Revenue Code Section 501(a).

Reclassification – Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

3. FAIR VALUE MEASUREMENTS

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

The following tables set forth, by the level within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2012:

		Fair Value Measurement Using Quoted Prices in Active Markets (Level 1)
	Fair Value	
Mutual fund accounts:		
Intermediate government	$ 1,668,205	$ 1,668,205
Large value	827,435	827,435
Real estate	380,597	380,597
Conservative allocation	278,653	278,653
Moderate allocation	1,450,056	1,450,056
World stock	705,315	705,315
Ultra short bond	728,347	728,347
Small value	225,331	225,331
Foreign large value	434,141	434,141
Large blend	1,355,387	1,355,387
Large growth	409,878	409,878
Foreign large value	325,164	325,164
Small blend	605,677	605,677
Short government	355,546	355,546
Total mutual fund accounts	9,749,732	9,749,732
Pooled fund accounts:		
Lozano Smith UMA	3,465,869	3,465,869
Total investment accounts	$ 13,215,601	$ 13,215,601

See independent auditors' report.

4. INVESTMENTS

Net (depreciation) appreciation in the fair value of the Plan's investments was $1,152,034 and $(486,598) for the years ended December 31, 2012 and 2011, respectively. The investments at December 31, 2012 and 2011 are as follows:

	2012		2011	
American Century Government Bond	$ 1,668,205	*	$ 1,399,795	*
DFA Global Equity Portfolio	705,315	*	584,579	*
Janus Overseas Fund	-	*	629,261	*
DFA One Year Fixed Income Portfolio	728,347	*	724,288	*
DFA Global 60/40 Portfolio	1,450,056	*	1,179,299	*
Lozano Smith UMA	3,465,869	*	3,054,875	*
Vanguard 500 Index Admiral	954,836	*	1,047,492	*
Other investments	4,242,973		2,840,777	
	$13,215,601		$11,460,366	

*Investments that represent 5% or more of the Plan's net assets.

5. TAX STATUS

The Plan obtained its latest determination letter on February 28, 2011, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and, therefore, believe that the Plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination of the Department of Labor. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012 there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2009.

6. RELATED PARTY TRANSACTIONS

The Plan's assets are held by TD AMERITRADE Trust Company for the year ended December 31, 2012. Verisight, Inc. provides recordkeeping and investment services to the Plan. Company contributions are managed by Verisight, Inc. Verisight, Inc. also invests cash received, interest and dividend income and makes distributions to participants.

Administrative functions are jointly performed by Pension Specialists and by employees of the Company. No employee receives compensation from the Plan. Administrative fees are absorbed by the related participant accounts. Administrative fees for the year ended December 31, 2012 was $9,750. The independent auditors' fees and investment management fees are paid directly by the Company.

7. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value 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.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 30, 2013, the date at which the financial statements were available to be used. No significant subsequent events were discovered by management.

* * * * * *

SUPPLEMENTARY INFORMATION

LOZANO SMITH 401(k) PROFIT SHARING PLAN

SCHEDULE H, LINE 4i, SCHEDULE OF ASSETS (HELD AT END OF YEAR)
YEAR ENDED 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
	American Century Govt Bond Fund	Mutual Funds		$ 1,668,205
	American Washington Mutual Fund	Mutual Funds		427,745
	DFA Global Equity Portfolio	Mutual Funds		705,315
	DFA Global 25/75 Portfolio	Mutual Funds		278,653
	DFA Global 60/40 Portfolio	Mutual Funds		1,450,056
	Dodge & Cox International Stock Fund	Mutual Funds		325,164
	Cohen & Steers Realty	Mutual Funds		380,597
	Gabelli Asset Fund	Mutual Funds		400,551
	Fidelity Contrafund	Mutual Funds		409,878
	Janus Overseas Fund	Mutual Funds		434,141
	Vanguard 500 Index Admiral	Mutual Funds		954,836
	Vanguard Short-term Treasury	Mutual Funds		355,546
	Vanguard Small Cap Index ADM	Mutual Funds		605,677
	TDA Trust Inst Money Market	Mutual Funds		178,494
	DFA One Year Fixed Income Portfolio	Mutual Funds		728,347
	DFA US Large Cap Value Portfolio	Mutual Funds		399,690
	DFA US Small Cap Value Portfolio Fund	Mutual Funds		225,331
	Lozano Smith UMA	Mutual Funds		3,465,869
	Participant loans	5.25% - 9.31% rate		284,087

Note: Column (a) is blank, as there were no parties-in-interest.
Column (d) is blank, as all investments are participant directed.

See independent auditors' report.

Schedule H, line 4i
Schedule of Assets (Held At End of Year)

For the plan year beginning 01/01/2012 and ending 12/31/2012

Name of plan
LOZANO SMITH 401(k) PROFIT SHARING PLAN

Employer Identification Number
80-0874383

Three-digit plan number ► 001

(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
	AM CENTURY GOVERNMENT BOND	SEGREGATED MUTUAL FUNDS		1,668,205
	AM FUNDS WASH MUTUAL R6	SEGREGATED MUTUAL FUNDS		427,745
	COHEN & STEERS REALTY SHARES	SEGREGATED MUTUAL FUNDS		380,597
	DFA GLOBAL 25/75 PORTFOLIO	SEGREGATED MUTUAL FUNDS		278,653
	DFA GLOBAL 60/40 PORTFOLIO	SEGREGATED MUTUAL FUNDS		1,450,056
	DFA GLOBAL EQUITY PORTFOLIO	SEGREGATED MUTUAL FUNDS		705,315
	DFA US LARGE CAP VALUE	SEGREGATED MUTUAL FUNDS		399,690
	DFA ONE YEAR FIXED INCOME	SEGREGATED MUTUAL FUNDS		728,347
	DFA US SMALL CAP VALUE	SEGREGATED MUTUAL FUNDS		225,331
	DODGE & COX INTERNATIONAL STK	SEGREGATED MUTUAL FUNDS		325,164
	FIDELITY CONTRAFUND	SEGREGATED MUTUAL FUNDS		409,878
	GABELLI ASSET CLASS AAA	SEGREGATED MUTUAL FUNDS		400,551
	JANUS OVESEAS FUND	SEGREGATED MUTUAL FUNDS		434,141
	MANAGED POOLED ACCOUNT	UNITIZED POOLED ACCOUNT		3,465,869
	TDA INST MONEY MARKET	SEGREGATED MUTUAL FUNDS		178,494
	VANGUARD 500 INDEX SIGNAL	SEGREGATED MUTUAL FUNDS		954,836
	VANGUARD SMALL CAP INDEX SIGNA	SEGREGATED MUTUAL FUNDS		605,677
	VANGUARD SHORT-TERM TREASURY	SEGREGATED MUTUAL FUNDS		355,546
	TDA MONEY MARKET	CASH	0	0
*	PARTICIPANT LOANS	INT. RATES FROM 5.95% - 9.31%	0	284,087