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
KTI INC 401(K) PROFIT SHARING PLAN & TRUST

1b Three-digit plan number (PN) ▶ 004

1c Effective date of plan 05/01/1999

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

KTI INCORPORATED

3009 LAUREL AVE
RIALTO, CA 92377

2b Employer Identification Number (EIN)
95-3191821

2c Sponsor's telephone number
909-434-1888

2d Business code (see instructions)
327300

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2013	KTI INCORPORATED
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	253
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**	285
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	21
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	306
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	306
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	63
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	0
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 2T 3D 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)	[X]	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)	[X]	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)	[X]	1	**A** (Insurance Information)
(4)	[X]		**C** (Service Provider Information)
(5)	[X]		**D** (DFE/Participating Plan Information)
(6)	[ ]		**G** (Financial Transaction Schedules)

SCHEDULE A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Insurance 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.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

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
KTI INC 401(K) PROFIT SHARING PLAN & TRUST

B Three-digit plan number (PN) ▶ 004

C Plan sponsor's name as shown on line 2a of Form 5500
KTI INCORPORATED

D Employer Identification Number (EIN)
95-3191821

Part I **Information Concerning Insurance Contract Coverage, Fees, and Commissions** Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

1 Coverage Information:

(a) Name of insurance carrier

MINNESOTA LIFE INSURANCE CO

(b) EIN	**(c)** NAIC code	**(d)** Contract or identification number	**(e)** Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	**(g)** To
41-0417830	66168	66215	253	01/01/2012	12/31/2012

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	**(b)** Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	**4**	
5	Current value of plan's interest under this contract in separate accounts at year end	**5**	0

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶

b	Premiums paid to carrier	**6b**	
c	Premiums due but unpaid at the end of the year	**6c**	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount.	**6d**	

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity

(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee

(3) ☐ guaranteed investment (4) ☐ other ▶

b	Balance at the end of the previous year			**7b**	
c	Additions: (1) Contributions deposited during the year	**7c(1)**			
	(2) Dividends and credits	**7c(2)**			
	(3) Interest credited during the year	**7c(3)**			
	(4) Transferred from separate account	**7c(4)**			
	(5) Other (specify below)	**7c(5)**			
	▶				
	(6) Total additions			**7c(6)**	0
d	Total of balance and additions (add lines **7b** and **7c(6)**).			**7d**	0
e	Deductions:				
	(1) Disbursed from fund to pay benefits or purchase annuities during year	**7e(1)**			
	(2) Administration charge made by carrier	**7e(2)**			
	(3) Transferred to separate account	**7e(3)**			
	(4) Other (specify below)	**7e(4)**			
	▶				
	(5) Total deductions			**7e(5)**	0
f	Balance at the end of the current year (subtract line **7e(5)** from line **7d**)			**7f**	0

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

a ☐ Health (other than dental or vision) **b** ☐ Dental **c** ☐ Vision **d** ☐ Life insurance
e ☐ Temporary disability (accident and sickness) **f** ☐ Long-term disability **g** ☐ Supplemental unemployment **h** ☐ Prescription drug
i ☐ Stop loss (large deductible) **j** ☐ HMO contract **k** ☐ PPO contract **l** ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:				
a Premiums: (1) Amount received	**9a(1)**			
(2) Increase (decrease) in amount due but unpaid	**9a(2)**			
(3) Increase (decrease) in unearned premium reserve	**9a(3)**			
(4) Earned (**(1)** + **(2)** - **(3)**)			**9a(4)**	0
b Benefit charges (1) Claims paid	**9b(1)**			
(2) Increase (decrease) in claim reserves	**9b(2)**			
(3) Incurred claims (add **(1)** and **(2)**)			**9b(3)**	
(4) Claims charged			**9b(4)**	0
c Remainder of premium: (1) Retention charges (on an accrual basis) --				
(A) Commissions	**9c(1)(A)**			
(B) Administrative service or other fees	**9c(1)(B)**			
(C) Other specific acquisition costs	**9c(1)(C)**			
(D) Other expenses	**9c(1)(D)**			
(E) Taxes	**9c(1)(E)**			
(F) Charges for risks or other contingencies	**9c(1)(F)**			
(G) Other retention charges	**9c(1)(G)**			
(H) Total retention			**9c(1)(H)**	0
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)			**9c(2)**	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement			**9d(1)**	
(2) Claim reserves			**9d(2)**	
(3) Other reserves			**9d(3)**	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line **9c(2)**.)			**9e**	
10 Nonexperience-rated contracts:				
a Total premiums or subscription charges paid to carrier			**10a**	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.			**10b**	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☐ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

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
KTI INC 401(K) PROFIT SHARING PLAN & TRUST

B Three-digit plan number (PN) ▶ 004

C Plan sponsor's name as shown on line 2a of Form 5500
KTI INCORPORATED

D Employer Identification Number (EIN)
95-3191821

Part I Service Provider Information (see instructions)

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

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

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

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

PAYCHEX SECURITIES CORPORATION

16-1486352

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

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(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)

(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 ☐

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 D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

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

OMB No. 1210-0110

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
KTI INC 401(K) PROFIT SHARING PLAN & TRUST

B Three-digit plan number (PN) ▶ 004

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
KTI INCORPORATED

D Employer Identification Number (EIN)
95-3191821

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

a Name of MTIA, CCT, PSA, or 103-12 IE: MONEY MARKET

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0417830-009	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: LARGE EQUITY INDEX I

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0117830-011	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: SMALL GROWTH EQUITY XII

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0417830-100	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: INTERMEDIATE TERM BOND INDEX IA

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0417830-046	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: LIFESTRATEGY I

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0417830-026	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: LIFESTRATEGY II

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0417830-027	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: LIFESTRATEGY III

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0117830-028	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: LARGE VALUE EQUITY INDEX I

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0417830-031	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: LARGE GROWTH EQUITY INDEX I

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0417830-032	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: MID CAP VALUE EQUITY IV

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0417830-122	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: LARGE VALUE EQUITY VII

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0417830-055	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: MID CAP GROWTH EQUITY I

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0417830-059	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: SMALL EQUITY III

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0417830-077	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: INTERNATIONAL CORE I

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0417830-079	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: LARGE EQUITY VII

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0417830-096	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: LARGE GROWTH EQUITY X

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0417830-121	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: REAL ESTATE

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0417830-036	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE: SMALL VALUE EQUITY IX

b Name of sponsor of entity listed in (a): MINNESOTA LIFE INSURANCE CO

c EIN-PN 41-0417830-097	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0

a Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

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

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

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

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
KTI INC 401(K) PROFIT SHARING PLAN & TRUST

B Three-digit plan number (PN) ▶ 004

C Plan sponsor's name as shown on line 2a of Form 5500
KTI INCORPORATED

D Employer Identification Number (EIN)
95-3191821

Part I Asset and Liability Statement

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

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	0	
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	0
(2) Participant contributions	1b(2)	0	0
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	0	49893
(2) U.S. Government securities	1c(2)	0	
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	
(B) All other	1c(3)(B)	0	
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	
(B) Common	1c(4)(B)	0	
(5) Partnership/joint venture interests	1c(5)	0	
(6) Real estate (other than employer real property)	1c(6)	0	
(7) Loans (other than to participants)	1c(7)	0	
(8) Participant loans	1c(8)	33352	14164
(9) Value of interest in common/collective trusts	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)	970971	
(11) Value of interest in master trust investment accounts	1c(11)	0	0
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	2406	1044362
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)	0	0

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)	0	
	(2) Employer real property	1d(2)	0	
e	Buildings and other property used in plan operation	1e	0	
f	Total assets (add all amounts in lines 1a through 1e)	1f	1006729	1108419
	Liabilities			
g	Benefit claims payable	1g	0	
h	Operating payables	1h	0	
i	Acquisition indebtedness	1i	0	
j	Other liabilities	1j	0	
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	1006729	1108419

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)	0	
	(B) Participants	2a(1)(B)	144912	
	(C) Others (including rollovers)	2a(1)(C)	0	
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		144912
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
	(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)	1320	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		1320
	(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)	28335	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		28335
	(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)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		83515
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		258082
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	146352	
(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)		146352
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		0
h Interest expense	2h		
i Administrative expenses: **(1)** Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	0	
(3) Investment advisory and management fees	2i(3)	9715	
(4) Other	2i(4)	325	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		10040
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		156392
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		101690
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: BARTELT, JANES & VAN PELT, A.P.A.C. **(2)** EIN: 33-0490888

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		200000
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
KTI INC 401(K) PROFIT SHARING PLAN & TRUST

B Three-digit plan number (PN) ▶ 004

C Plan sponsor's name as shown on line 2a of Form 5500
KTI INCORPORATED

D Employer Identification Number (EIN)
95-3191821

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**

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): 16-1470238

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):

KTI, INC.
401(K) RETIREMENT PLAN

Financial Statements and Schedule
December 31, 2012

KTI, INC. 401(K) RETIREMENT PLAN

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December 31, 2012

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Investment Purposes - December 31, 2012

Other schedules are omitted because they are not applicable or not required by the Employee Retirement Income Security Act of 1974 or regulations issued by the Department of Labor.

BARTELT, JAYNES & VAN PELT
A PROFESSIONAL ACCOUNTANCY CORPORATION

INDEPENDENT AUDITORS' REPORT

To the Administrative Committee of
KTI, Inc. 401 (K) Plan
Rialto, California

We were engaged to audit the accompanying statements of KTI, Inc. 401(k) Plan (the "Plan") , which comprise the statement of net assets available for benefits as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012 and the related notes to the financial statements.

Plan 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.

Our responsibility is to express an opinion on these financial statements based on conducting our audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described below, however, we were not able to obtain sufficient audit evidence to provide a basis for 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 C, which was certified by Mid Atlantic Trust Company and Minnesota Life Insurance Company, the custodians 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 Mid Atlantic Trust Company holds the Plan's investment assets and executes investment transactions from March 9, 2012 to December 31, 2012, and that Minnesota Life Insurance Company held the Plan's investment assets and executed investment transactions as of December 31, 2011 and for the period January 1, 2012 to March 8, 2012 . The Plan administrator has obtained a certification from the custodians as of and for the years ended December 31, 2012 and 2011, that the information provided to the Plan's administrator by the custodians is complete and accurate.

Because of the significance of the matter described above, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, 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 Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Bartelt, Jaynes & Van Pelt
Certified Public Accountants
Newport Beach, California

October 14, 2013

KTI, Inc. 401(k) Plan
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2012

ASSETS	2012	2011
Investments (Note D):		
At fair value:		
Pooled separate accounts	$ -	$ 970,971
Registered investment companies mutual funds	1,044,362	2,406
Money Market Funds	49,893	-
	1,094,255	973,377
Participant notes receivable	14,164	33,352
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,108,419	$ 1,006,729

See accompanying notes to financial statements.

KTI, Inc. 401(k) Plan
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2012

Additions to net assets attributed to:	
Investment Income:	
Net appreciation in fair value of investments	$ 83,515
Dividends	28,335
	111,850
Interest income on participant loans	1,320
Contributions:	
Participants	144,912
Total additions	258,082
Deductions from net assets attributed to:	
Benefits paid to participants	(146,352)
Administrator fees	(10,040)
Total deductions	(156,392)
Net increase in net assets available for benefits	101,690
Net assets available for benefits:	
Beginning of year	1,006,729
End of year	$ 1,108,419

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

KTI, Inc. 401(k) Plan
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE A – DESCRIPTION OF THE PLAN

The following description of the KTI, Inc. 401(k) plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions. The Plan Sponsor is KTI, Inc. (the "Company"). The Custodians of the Plan are Mid Atlantic Trust Company and Minnesota Life Insurance Company.

General

The Plan is a defined contribution plan covering substantially all non union employees of the Company who have three months of service. The effective date of participation would be the first day of the month coinciding with or next following the date on which such requirements are satisfied. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year, participants may contribute on a pre-tax basis up to 20% of their compensation, with a 2012 calendar year maximum of $17,000. Additional amounts may be contributed at the option of the Company's board of directors and contributions are subject to certain limitations. If a participant is age 50 or older by the end of the plan year, the participant may contribute an additional $5,500 to the plan, or the participant's compensation for the year, whichever is lower.

Participant Accounts

Each participant's account is credited with the participant's contributions and investment earnings or losses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are 100% vested in their contributions plus actual earnings thereon.

Administrative Expenses

Administrative expenses are paid by the Plan from Plan assets and are deducted from participant accounts.

NOTE A – DESCRIPTION OF THE PLAN (Cont'd)

Fidelity Bond

The Plan sponsor was not covered by a fidelity bond as of December 31, 2012.

Participant Loans Receivable

Participants may borrow from the Plan a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. Loan terms range from one to five years but may be for a period up to 30 years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a fixed rate which is commensurate with local prevailing rates as determined by the plan administrator. Principal and interest is paid ratably over the loan term through monthly payroll deductions.

Payment of Benefits

On termination of service due to death, disability or retirement, a participant receives a lump-sum amount equal to the value of the participant's vested account balance. Benefits are recorded when paid. For the plan year ended December 31, 2012, benefits paid to participants amounted to $146,352.

Investment Options

Upon enrollment in the Plan, participants may direct their contributions to be invested in any of twenty two investment options offered by Mid Atlantic Trust Company, one of the Plan's trustees. Investment options within Mid Atlantic Trust Company are categorized as follows:

Equity Funds

This category consists of seven mutual funds whose primary objective is growth of capital. The fund invests primarily in common stocks and seeks to invest in companies that appear to offer superior opportunities for growth of capital.

International Equity Funds

This category consists of two mutual funds whose primary objective is long-term growth of capital. These funds mainly invest in common stocks of issuers in developing and emerging markets throughout the world.

NOTE A – DESCRIPTION OF THE PLAN (Cont'd)

Fixed Income Funds

This category consists of five mutual funds whose primary objective is maximizing total return, consistent with preservation of capital and prudent investment management.

Balanced Funds

This category consists of five mutual funds whose primary objective is to provide capital appreciation and current income consistent with its current asset allocation. The funds invest in a portfolio of equity, debt and money market securities.

Alternative Asset Fund

This investment seeks capital appreciation; current income is a secondary consideration. The fund normally invests at least 80% of net assets in securities of gold and precious metals operation companies.

Commodity Fund

This investment seeks maximum real return, consistent with prudent investment management. The fund normally invests in commodity-linked derivative instruments backed by a portfolio of inflation-indexed securities and other Fixed Income Instruments.

Money Market Fund

This fund seeks to provide current income and preserve principal investment. The fund invests in short-term, high-quality securities with expected returns largely dependent on the current interest-rate environment.

NOTE B – A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the plan are prepared on the accrual basis of accounting.

NOTE B – A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Estimates

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

Payment of Benefits

Benefits are recorded when paid.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balances plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based on the terms of the Plan document.

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. See Note D for discussion of fair value measurements.

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

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events were evaluated through October 14, 2013, which is the date the financial statements were available to be issued.

NOTE C – INFORMATION CERTIFIED BY THE TRUSTEES

All investment information, including notes receivable from participants, disclosed in the accompanying financial statements and supplemental schedule, including investments held at December 31, 2012 and 2011 and net change in fair value of investments and interest income for the year ended December 31, 2012, was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by the Plan's trustees.

NOTE D – INVESTMENTS AND INVESTMENT LOSS

The Plan's investments are held by the Plan's trustee, an insurance company. The following table presents investments at December 31, 2012 and 2011.

		Fair Value Measurements Using:	
December 31, 2012	Fair Value	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Mutual Funds:			
Equity Fund	$ 531,417	$ 531,417	
International Equity Fund	80,678	80,678	
Fixed Income Fund	138,206	138,206	
Balanced Fund	292,325	292,325	
Alternative Asset Fund	1,049	1,049	
Commodity Fund	688	688	
Money Market Funds	49,892	49,892	
Participant Loans	14,164		$ 14,164
Total Invested Funds	$ 1,108,419	$ 1,094,255	$ 14,164

NOTE D -- INVESTMENTS AND INVESTMENT LOSS (Cont'd)

		Fair Value Measurements Using:	
December 31, 2011	Fair Value	Quoted Market Prices in Active Markets for Identical Assets (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds:			
Lifecycle Portfolio	$ 210,455	$ 210,455	
Fixed Income	110,404	110,404	
Specialty Funds	45,430	45,430	
Domestic Equities : Large Value	133,846	133,846	
Domestic Equities : Large Blend	51,510	51,510	
Domestic Equities : Large Growth	114,303	114,303	
Domestic Equities : Mid Value	8,061	8,061	
Domestic Equities : Mid Growth	20,228	20,228	
Domestic Equities : Small Value	23,961	23,961	
Domestic Equities : Small Blend	19,670	19,670	
Domestic Equities : Small Growth	95,172	95,172	
International Equities	83,136	83,136	
Blackrock Global Allocation I	2,366	2,366	
Money Market Funds	54,835	54,835	
Participant Loans	33,352		$ 33,352
Total Invested Funds	$ 1,006,729	$ 973,377	$ 33,352

For the year ended December 31, 2012, appreciation in fair value of investments was $83,515.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *"Fair Value Measurements and Disclosures,"* provides the framework for measuring fair value. The framework 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

NOTE D – INVESTMENTS AND INVESTMENT LOSS (Cont'd)

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 liabilities;
- 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.

The following tables reconcile the beginning and ending balances of fair value measurements using significant unobservable inputs (level 3) of the participant loans for the years ended December 31, 2012 and December 31, 2011:

December 31, 2012	
Beginning balance	$ 33,352
Purchases, issuance, sales, and settlements (net)	(19,188)
Ending balance	$ 14,164

December 31, 2011	
Beginning balance	$ 32,000
Purchases, issuance, sales, and settlements (net)	1,352
Ending balance	$ 33,352

NOTE E – RELATED PARTY TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by Mid Atlantic Trust Company. Mid Atlantic Trust Company is the custodian as defined by the Plan and, therefore, transactions in this fund qualify as party-in-interest transactions. Fees paid by the Plan for the investment management services amounted to $10,039 for the year ended December 31, 2012.

Plan investments were managed by Minnesota Life Insurance Company in 2011. Minnesota Life Insurance Company was the custodian as defined by the Plan for the first quarter of 2012 and, therefore, these transactions qualify as party-in-interest transactions. Mid Atlantic Trust Company took over custodial duties in the second quarter of 2012.

While these transactions are party-in-interest transactions they are not prohibited transactions under ERISA.

NOTE F – INVESTMENTS

The following presents investments that represent 5% or more of the Plan's net assets:

	December 31, 2012
Invesco Select Companies Fund Class A	$ 131,741
BlackRock Equity Dividend Fund Institutional Shares	114,941
American Funds Growth Fund of America Class R-5	210,121
American Funds EuroPacific Growth Fund Class R-5	79,326
PIMCO Total Return III Fund Class P	120,089
BlackRock Global Allocation Fund Institutional Shares	79,127
Vanguard Target Retirement 2050 Fund Investor Shares	159,104

NOTE F – INVESTMENTS (Cont'd)

	December 31, 2011
Small Growth Equity XII	$ 95,172
Large Value Equity VII	98,352
International Core I	83,136
Money Market	54,795
Intermediate Term Bond Inx IA	110,404
LifeStrategy I	164,444
Large Growth Equity X	105,450

NOTE G – SUBSEQUENT EVENTS

There were 9 employee participants that have been terminated as of December 31, 2012. These terminated participants have balances in the plan that total $235,838, which may be disbursed in 2013 to these terminated participants. Since their accounts are pooled separate accounts, there will be no effect to the other participants in the plan when the terminated employees' accounts are disbursed.

The plan obtained a fidelity bond in the amount of $200,000 from Hartford Fire Insurance Company on October 1, 2013.

NOTE H – TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated March 31, 2008, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the determination letter. However, the Plan administrator and management believe that the Plan was designed and is operated in compliance with the applicable requirements of the IRC and has no income subject to unrelated business income tax. Therefore, they believe that the Plan is qualified and the related trust is tax-exempt through the year ended December 31, 2012. The Plan's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

NOTE I – RISKS AND UNCERTAINTIES

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

NOTE J – 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.

SUPPLEMENTAL SCHEDULE

KTI, Inc. 401(k) Plan
Schedule H, line 4i, Schedule of Assets (Held at End of Year)
December 31, 2012
Plan Number 004
EIN: 95-3191821

(a)	(b) Identity of issue, borrower, or similar party	© Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current Value
	Invesco Select Companies Fund Class A	Equity Fund	-	132,486
	BlackRock Equity Dividend Fund Institutional Shares	Equity Fund	-	114,941
	Fidelity Real Estate Investment Portfolio	Equity Fund	-	40,816
	American Funds Growth Fund of America Class R-5	Equity Fund	-	210,121
	MFS New Discovery Fund Class R4	Equity Fund	-	245
	Vanguard 500 Index Fund Investor Class	Equity Fund	-	1,705
	Vanguard Mid-Cap Index Fund Investor Shares	Equity Fund	-	31,103
	American Funds EuroPacific Growth Fund Class R-5	International Equity Fund	-	79,326
	Oppenheimer Developing Markets Fund Class Y	International Equity Fund	-	1,352
	AllianceBernstein Global Bond Fund Advisor Class	Fixed Income Fund	-	943
	Federated U.S. Government Securities Fund 2-5 Year	Fixed Income Fund	-	9,938
	Lord Abbett High Yield Fund Class I	Fixed Income Fund	-	6,660
	PIMCO Real Return Fund Class P	Fixed Income Fund	-	576
	PIMCO Total Return III Fund Class P	Fixed Income Fund	-	120,089
	BlackRock Global Allocation Fund Institutional Shares	Balanced Fund	-	79,127
	Vanguard Target Retirement 2010 Fund Investor Shares	Balanced Fund	-	25,094
	Vanguard Target Retirement 2050 Fund Investor Shares	Balanced Fund	-	159,104
	Vanguard Target Retirement 2040 Fund Investor Shares	Balanced Fund	-	9,313
	Vanguard Target Retirement 2030 Fund Investor Shares	Balanced Fund	-	19,687
	Franklin Gold and Precious Metals Fund Advisor Class	Alternative Asset Fund	-	1,049
	PIMCO Commodity RealReturn Strategy Fund Class P	Commodity Fund		688
	Vanguard Prime Money Market	Money Market	-	49,892
	Participant Loans	Maturity 01/2013-12/2017; Interest Rate 4.25 - 7.00%	-	14,164
			$ -	1,108,419

See accompanying Independent Auditors' Report

KTI, INC.
401(K) RETIREMENT PLAN

Financial Statements and Schedule
December 31, 2012

KTI, INC. 401(K) RETIREMENT PLAN

Financial Statements and Schedule
December 31, 2012

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Other schedules are omitted because they are not applicable or not required by the Employee Retirement Income Security Act of 1974 or regulations issued by the Department of Labor.

BARTELT, JAYNES & VAN PELT
A PROFESSIONAL ACCOUNTANCY CORPORATION

INDEPENDENT AUDITORS' REPORT

To the Administrative Committee of
KTI, Inc. 401 (K) Plan
Rialto, California

We were engaged to audit the accompanying statements of KTI, Inc. 401(k) Plan (the "Plan") , which comprise the statement of net assets available for benefits as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012 and the related notes to the financial statements.

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Our responsibility is to express an opinion on these financial statements based on conducting our audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described below, however, we were not able to obtain sufficient audit evidence to provide a basis for opinion.

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Bartelt, Jaynes & Van Pelt
Certified Public Accountants
Newport Beach, California

October 14, 2013

KTI, Inc. 401(k) Plan
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2012

ASSETS	2012	2011
Investments (Note D):		
At fair value:		
Pooled separate accounts	$ -	$ 970,971
Registered investment companies mutual funds	1,044,362	2,406
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See accompanying notes to financial statements.

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Additions to net assets attributed to:	
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Benefits paid to participants	(146,352)
Administrator fees	(10,040)
Total deductions	(156,392)
Net increase in net assets available for benefits	101,690
Net assets available for benefits:	
Beginning of year	1,006,729
End of year	$ 1,108,419

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

KTI, Inc. 401(k) Plan
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE A – DESCRIPTION OF THE PLAN

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Each year, participants may contribute on a pre-tax basis up to 20% of their compensation, with a 2012 calendar year maximum of $17,000. Additional amounts may be contributed at the option of the Company's board of directors and contributions are subject to certain limitations. If a participant is age 50 or older by the end of the plan year, the participant may contribute an additional $5,500 to the plan, or the participant's compensation for the year, whichever is lower.

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Vesting

Participants are 100% vested in their contributions plus actual earnings thereon.

Administrative Expenses

Administrative expenses are paid by the Plan from Plan assets and are deducted from participant accounts.

NOTE A – DESCRIPTION OF THE PLAN (Cont'd)

Fidelity Bond

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NOTE A – DESCRIPTION OF THE PLAN (Cont'd)

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NOTE B – A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the plan are prepared on the accrual basis of accounting.

NOTE B – A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Estimates

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

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Benefits are recorded when paid.

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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. See Note D for discussion of fair value measurements.

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

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events were evaluated through October 14, 2013, which is the date the financial statements were available to be issued.

NOTE C – INFORMATION CERTIFIED BY THE TRUSTEES

All investment information, including notes receivable from participants, disclosed in the accompanying financial statements and supplemental schedule, including investments held at December 31, 2012 and 2011 and net change in fair value of investments and interest income for the year ended December 31, 2012, was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by the Plan's trustees.

NOTE D – INVESTMENTS AND INVESTMENT LOSS

The Plan's investments are held by the Plan's trustee, an insurance company. The following table presents investments at December 31, 2012 and 2011.

		Fair Value Measurements Using:	
December 31, 2012	Fair Value	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Mutual Funds:			
Equity Fund	$ 531,417	$ 531,417	
International Equity Fund	80,678	80,678	
Fixed Income Fund	138,206	138,206	
Balanced Fund	292,325	292,325	
Alternative Asset Fund	1,049	1,049	
Commodity Fund	688	688	
Money Market Funds	49,892	49,892	
Participant Loans	14,164		$ 14,164
Total Invested Funds	$ 1,108,419	$ 1,094,255	$ 14,164

NOTE D -- INVESTMENTS AND INVESTMENT LOSS (Cont'd)

		Fair Value Measurements Using:	
December 31, 2011	Fair Value	Quoted Market Prices in Active Markets for Identical Assets (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds:			
Lifecycle Portfolio	$ 210,455	$ 210,455	
Fixed Income	110,404	110,404	
Specialty Funds	45,430	45,430	
Domestic Equities : Large Value	133,846	133,846	
Domestic Equities : Large Blend	51,510	51,510	
Domestic Equities : Large Growth	114,303	114,303	
Domestic Equities : Mid Value	8,061	8,061	
Domestic Equities : Mid Growth	20,228	20,228	
Domestic Equities : Small Value	23,961	23,961	
Domestic Equities : Small Blend	19,670	19,670	
Domestic Equities : Small Growth	95,172	95,172	
International Equities	83,136	83,136	
Blackrock Global Allocation I	2,366	2,366	
Money Market Funds	54,835	54,835	
Participant Loans	33,352		$ 33,352
Total Invested Funds	$ 1,006,729	$ 973,377	$ 33,352

For the year ended December 31, 2012, appreciation in fair value of investments was $83,515.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *"Fair Value Measurements and Disclosures,"* provides the framework for measuring fair value. The framework 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

NOTE D – INVESTMENTS AND INVESTMENT LOSS (Cont'd)

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 liabilities;
- 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.

The following tables reconcile the beginning and ending balances of fair value measurements using significant unobservable inputs (level 3) of the participant loans for the years ended December 31, 2012 and December 31, 2011:

December 31, 2012	
Beginning balance	$ 33,352
Purchases, issuance, sales, and settlements (net)	(19,188)
Ending balance	$ 14,164

December 31, 2011	
Beginning balance	$ 32,000
Purchases, issuance, sales, and settlements (net)	1,352
Ending balance	$ 33,352

NOTE E – RELATED PARTY TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by Mid Atlantic Trust Company. Mid Atlantic Trust Company is the custodian as defined by the Plan and, therefore, transactions in this fund qualify as party-in-interest transactions. Fees paid by the Plan for the investment management services amounted to $10,039 for the year ended December 31, 2012.

Plan investments were managed by Minnesota Life Insurance Company in 2011. Minnesota Life Insurance Company was the custodian as defined by the Plan for the first quarter of 2012 and, therefore, these transactions qualify as party-in-interest transactions. Mid Atlantic Trust Company took over custodial duties in the second quarter of 2012.

While these transactions are party-in-interest transactions they are not prohibited transactions under ERISA.

NOTE F – INVESTMENTS

The following presents investments that represent 5% or more of the Plan's net assets:

	December 31, 2012
Invesco Select Companies Fund Class A	$ 131,741
BlackRock Equity Dividend Fund Institutional Shares	114,941
American Funds Growth Fund of America Class R-5	210,121
American Funds EuroPacific Growth Fund Class R-5	79,326
PIMCO Total Return III Fund Class P	120,089
BlackRock Global Allocation Fund Institutional Shares	79,127
Vanguard Target Retirement 2050 Fund Investor Shares	159,104

NOTE F – INVESTMENTS (Cont'd)

	December 31, 2011
Small Growth Equity XII	$ 95,172
Large Value Equity VII	98,352
International Core I	83,136
Money Market	54,795
Intermediate Term Bond Inx IA	110,404
LifeStrategy I	164,444
Large Growth Equity X	105,450

NOTE G – SUBSEQUENT EVENTS

There were 9 employee participants that have been terminated as of December 31, 2012. These terminated participants have balances in the plan that total $235,838, which may be disbursed in 2013 to these terminated participants. Since their accounts are pooled separate accounts, there will be no effect to the other participants in the plan when the terminated employees' accounts are disbursed.

The plan obtained a fidelity bond in the amount of $200,000 from Hartford Fire Insurance Company on October 1, 2013.

NOTE H – TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated March 31, 2008, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the determination letter. However, the Plan administrator and management believe that the Plan was designed and is operated in compliance with the applicable requirements of the IRC and has no income subject to unrelated business income tax. Therefore, they believe that the Plan is qualified and the related trust is tax-exempt through the year ended December 31, 2012. The Plan's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

NOTE I – RISKS AND UNCERTAINTIES

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

NOTE J – 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.

SUPPLEMENTAL SCHEDULE

KTI, Inc. 401(k) Plan
Schedule H, line 4i, Schedule of Assets (Held at End of Year)
December 31, 2012
Plan Number 004
EIN: 95-3191821

(a)	(b) Identity of issue, borrower, or similar party	© Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current Value
	Invesco Select Companies Fund Class A	Equity Fund	-	132,486
	BlackRock Equity Dividend Fund Institutional Shares	Equity Fund	-	114,941
	Fidelity Real Estate Investment Portfolio	Equity Fund	-	40,816
	American Funds Growth Fund of America Class R-5	Equity Fund	-	210,121
	MFS New Discovery Fund Class R4	Equity Fund	-	245
	Vanguard 500 Index Fund Investor Class	Equity Fund	-	1,705
	Vanguard Mid-Cap Index Fund Investor Shares	Equity Fund	-	31,103
	American Funds EuroPacific Growth Fund Class R-5	International Equity Fund	-	79,326
	Oppenheimer Developing Markets Fund Class Y	International Equity Fund	-	1,352
	AllianceBernstein Global Bond Fund Advisor Class	Fixed Income Fund	-	943
	Federated U.S. Government Securities Fund 2-5 Year	Fixed Income Fund	-	9,938
	Lord Abbett High Yield Fund Class I	Fixed Income Fund	-	6,660
	PIMCO Real Return Fund Class P	Fixed Income Fund	-	576
	PIMCO Total Return III Fund Class P	Fixed Income Fund	-	120,089
	BlackRock Global Allocation Fund Institutional Shares	Balanced Fund	-	79,127
	Vanguard Target Retirement 2010 Fund Investor Shares	Balanced Fund	-	25,094
	Vanguard Target Retirement 2050 Fund Investor Shares	Balanced Fund	-	159,104
	Vanguard Target Retirement 2040 Fund Investor Shares	Balanced Fund	-	9,313
	Vanguard Target Retirement 2030 Fund Investor Shares	Balanced Fund	-	19,687
	Franklin Gold and Precious Metals Fund Advisor Class	Alternative Asset Fund	-	1,049
	PIMCO Commodity RealReturn Strategy Fund Class P	Commodity Fund		688
	Vanguard Prime Money Market	Money Market	-	49,892
	Participant Loans	Maturity 01/2013-12/2017; Interest Rate 4.25 - 7.00%	-	14,164
			$ -	1,108,419

See accompanying Independent Auditors' Report