

<div>Form 5500</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Annual Return/Report of Employee Benefit Plan</div> <div>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), and 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ Complete all entries in accordance with the instructions to the Form 5500.</div>	<div>OMB Nos. 1210-0110 1210-0089</div> <div>2009</div> <div>This Form is Open to Public Inspection</div>
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Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009	
A	This return/report is for: <div><div>☐ a multiemployer plan;</div><div>☒ a single-employer plan;</div><div>☐ a multiple-employer plan; or</div><div>☐ a DFE (specify) ____</div></div>
B	This return/report is: <div><div>☐ the first return/report;</div><div>☐ the final return/report;</div><div>☐ an amended return/report;</div><div>☐ a short plan year return/report (less than 12 months).</div></div>
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: <div><div>☒ Form 5558;</div><div>☐ automatic extension;</div><div>☐ the DFVC program;</div><div>☐ special extension (enter description)</div></div>

Part II	Basic Plan Information—enter all requested information	
1a	Name of plan SEBESTA BLOMBERG & ASSOCIATES, INC. EMPLOYEE STOCK OWNERSHIP PLAN	1b Three-digit plan number (PN) ▶ 002
		1c Effective date of plan 01/01/2001
2a	Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) SEBESTA BLOMBERG & ASSOCIATES, INC. 2381 ROSEGATE ROSEVILLE, MN 55113	2b Employer Identification Number (EIN) 41-1787792
		2c Sponsor's telephone number 651-634-0775
		2d Business code (see instructions) 541330

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.	10/13/2010	DANIEL TOLLMAN
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2010	DANIEL TOLLMAN
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") SEBESTA BLOMBERG & ASSOCIATES, INC. 2381 ROSEGATE ROSEVILLE, MN 55113	3b Administrator's EIN 41-1787792 3c Administrator's telephone number 651-634-0775
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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
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5 Total number of participants at the beginning of the plan year	5	268
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	176
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	70
d Subtotal. Add lines 6a , 6b , and 6c	6d	246
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	2
f Total. Add lines 6d and 6e	6f	248
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	221
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	33
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 Characteristic Codes in the instructions:
 2I 2P

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

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)
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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
		2009
		This Form is Open to Public Inspection.
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan SEBESTA BLOMBERG & ASSOCIATES, INC. EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 SEBESTA BLOMBERG & ASSOCIATES, INC.	D Employer Identification Number (EIN) 41-1787792	

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

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

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

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
MARSHALL & ILSLEY TRUST COMPANY NA
39-1186267

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

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

(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 ☐

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

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

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

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

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

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

Part I Service Provider Information (continued)

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

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning <u>01/01/2009</u> and ending <u>12/31/2009</u>		
A Name of plan <u>SEBESTA BLOMBERG & ASSOCIATES, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SEBESTA BLOMBERG & ASSOCIATES, INC.</u>	D Employer Identification Number (EIN) <u>41-1787792</u>	

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

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	<u>332725</u>	<u>632783</u>
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	<u>93875</u>	<u>6850</u>
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	4011588	5567740
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	4438188	6207373

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i	2977901	2444291
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	2977901	2444291

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	1460287	3763082
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1015325	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1015325

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

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0

(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)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0

(3) Rents	2b(3)		
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(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

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)	1556152	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		1556152
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		44
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		2571521

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	127977	
(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)		127977
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		140749
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		268726

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		2302795
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: MCGLADREY & PULLEN, LLP

(2) EIN: 42-0714325

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

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

Part IV Compliance Questions

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

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		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.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

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

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

5b(1) Name of plan(s)

5b(2) EIN(s)

5b(3) PN(s)

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
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>SEBESTA BLOMBERG & ASSOCIATES, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SEBESTA BLOMBERG & ASSOCIATES, INC.</u>	D Employer Identification Number (EIN) <u>41-1787792</u>

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

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

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>39-6436442</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

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

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____	If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year	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 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(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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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 items 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 items 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 items 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 items 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 items 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 items 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 item 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 items (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 item 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____



Independent Auditor's Report

To the Board of Directors, the Trustees and Participants
Sebesta Blomberg & Associates, Inc. Employee Stock
Ownership Plan

We have audited the accompanying statements of net assets available for benefits of Sebesta Blomberg & Associates, Inc. Employee Stock Ownership Plan as of December 31, 2009 and 2008, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Sebesta Blomberg & Associates, Inc. Employee Stock Ownership Plan as of December 31, 2009 and 2008, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2009, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 2009 financial statements taken as a whole.

McGladrey & Pullen, LLP

Minneapolis, Minnesota
October 11, 2010

SPONSOR: SEBESTA BLOMBERG & ASSOCIATES, INC.

EIN: 41-1787792

PLAN NUMBER: 002

NAME: SEBESTA BLOMBERG & ASSOCIATES, INC. EMPLOYEE STOCK OWNERSHIP PLAN

**SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2009**

(a) (b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current Value
* SEBESTSA BLOMBERG & ASSOCIATES, INC.	COMMON STOCK	4,217,679	5,567,740
FEDERATED FUNDS	US TREASURY CASH RESERVES FD #125	6,850	6,850

* A party-in-interest as defined by ERISA

** Cost omitted for participant directed accounts

Sebesta Blomberg & Associates, Inc. Employee Stock Ownership Plan

Financial Report
December 31, 2009



McGladrey & Pullen, LLP
Certified Public Accountants

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Independent Auditor's Report

To the Board of Directors, the Trustees and Participants
Sebesta Blomberg & Associates, Inc. Employee Stock
Ownership Plan

We have audited the accompanying statements of net assets available for benefits of Sebesta Blomberg & Associates, Inc. Employee Stock Ownership Plan as of December 31, 2009 and 2008, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Sebesta Blomberg & Associates, Inc. Employee Stock Ownership Plan as of December 31, 2009 and 2008, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2009, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 2009 financial statements taken as a whole.

McGladrey & Pullen, LLP

Minneapolis, Minnesota
October 11, 2010

Sebesta Blomberg & Associates, Inc. Employee Stock Ownership Plan

Statements of Net Assets Available for Benefits
December 31, 2009 and 2008

	2009		
	Allocated	Unallocated	Total
Assets:			
Investment in Sebesta Blomberg & Associates, Inc. common stock, at estimated fair value (Notes 4 and 5)	\$ 2,866,879	\$ 2,700,861	\$ 5,567,740
Investment in money market account (Note 5)	6,850	-	6,850
Employer contributions receivable	-	632,783	632,783
Liabilities (Notes 4 and 6):			
Notes payable	-	(2,444,291)	(2,444,291)
Net assets available for benefits	<u>\$ 2,873,729</u>	<u>\$ 889,353</u>	<u>\$ 3,763,082</u>
	2008		
	Allocated	Unallocated	Total
Assets:			
Investment in Sebesta Blomberg & Associates, Inc. common stock, at estimated fair value (Notes 4 and 5)	\$ 1,620,252	\$ 2,391,336	\$ 4,011,588
Investment in money market account (Note 5)	93,875	-	93,875
Employer contributions receivable	-	332,725	332,725
Liabilities (Notes 4 and 6):			
Accrued interest on notes payable	-	(143,725)	(143,725)
Notes payable	-	(2,834,176)	(2,834,176)
Net assets available for benefits	<u>\$ 1,714,127</u>	<u>\$ (253,840)</u>	<u>\$ 1,460,287</u>

See Notes to Financial Statements.

Sebesta Blomberg & Associates, Inc. Employee Stock Ownership Plan

Statements of Changes in Net Assets Available for Benefits Years Ended December 31, 2009 and 2008

	2009		
	Allocated	Unallocated	Total
Investment results:			
Net appreciation in fair value of the investment in Sebesta Blomberg & Associates, Inc. common stock (Notes 2 and 4)	\$ 801,277	\$ 754,875	\$ 1,556,152
Interest income	44	-	44
Employer contributions	40,908	974,417	1,015,325
Net investment results and contributions	842,229	1,729,292	2,571,521
Deductions:			
Distributions to participants	127,977	-	127,977
Interest expense	-	140,749	140,749
Total deductions	127,977	140,749	268,726
Net increase before allocation	714,252	1,588,543	2,302,795
Allocation of common stock of Sebesta Blomberg & Associates, Inc. (Note 4)	445,350	(445,350)	-
Net increase	1,159,602	1,143,193	2,302,795
Net assets available for benefits:			
Beginning of year	1,714,127	(253,840)	1,460,287
End of year	\$ 2,873,729	\$ 889,353	\$ 3,763,082
	2008		
	Allocated	Unallocated	Total
Investment results:			
Net depreciation in fair value of the investment in Sebesta Blomberg & Associates, Inc. common stock (Notes 2 and 4)	\$ (89,684)	\$ (442,840)	\$ (532,524)
Interest income	2,630	-	2,630
Employer contributions	-	332,725	332,725
Net investment results and contributions	(87,054)	(110,115)	(197,169)
Deductions:			
Distributions to participants	72,435	-	72,435
Interest expense	-	143,725	143,725
Total deductions	72,435	143,725	216,160
Net decrease before allocation	(159,489)	(253,840)	(413,329)
Allocation of common stock of Sebesta Blomberg & Associates, Inc. (Note 4)	1,000,000	(1,000,000)	-
Net increase (decrease)	840,511	(1,253,840)	(413,329)
Net assets available for benefits:			
Beginning of year	873,616	1,000,000	1,873,616
End of year	\$ 1,714,127	\$ (253,840)	\$ 1,460,287

See Notes to Financial Statements.

Sebesta Blomberg & Associates, Inc. Employee Stock Ownership Plan

Notes to Financial Statements

Note 1. Plan Description and Basis of Presentation

The following description of the Sebesta Blomberg & Associates, Inc. Employee Stock Ownership Plan (the Plan) provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

General: The Plan was established by Sebesta Blomberg & Associates, Inc. (the Company). The Plan, as amended and restated effective January 1, 2007, is intended to meet the requirements of Section 401(a) and to constitute an employee stock ownership plan (ESOP) within the meaning of Section 4975(e)(7) and to comply with the related regulations of the Internal Revenue Code of 1986 (Code), as amended, and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The Company has appointed Tony R. Litton and Stephen C. Halsted as directed trustees of the Plan. Effective March 15, 2010, Stephen Halsted is no longer a trustee, and Bob Kilgore and Abbe Bjorklund have been appointed as trustees. The Plan's assets are held by Alerus Financial, N.A., the Plan's named fiduciary and custodian. Effective March 2010, Marshall & Ilsley Trust Company N.A. has been named the Plan's fiduciary and custodian. Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan.

The Plan purchased Sebesta Blomberg & Associates, Inc. common stock (Company stock) from the Company and former shareholders on January 15, 2008 (Notes 4 and 6), thereby becoming a leveraged ESOP. As the Plan makes each payment of principal and interest, an appropriate percentage of Company stock is allocated to eligible participant accounts in accordance with applicable provisions of the Plan. The Company and former shareholders have no rights against shares once they are allocated under the ESOP. Accordingly, the financial statements of the Plan present separately the assets and liabilities and changes therein pertaining to:

- a. The accounts of participants with vested rights in allocated stock (allocated)
- b. Stock not yet allocated to participants (unallocated)

Unallocated shares which are allocated to accounts of participants as a result of principal and interest payments made by the Plan are valued using the most recent valuation of the Company stock, as determined by an annual independent appraisal of Company stock, at the time of the payment. Unallocated shares are allocated to accounts of participants in the year the principal and interest payments are paid.

Eligibility: Employees of the Company are generally eligible to participate in the Plan on their date of hire. Entry dates are the first day of each month. Additionally, participants must have completed 1,000 hours of service and be actively employed on the last day of the plan year to share in the discretionary contribution for the year, unless the employee terminates during the year and has attained the age of 65 or terminates due to death or disability.

Payment of benefits: No distributions from the Plan will be made until a participant's retirement upon reaching age 65, total and permanent disability, death (in which case payments shall be made to his or her beneficiary), attainment of age 70½, or termination of employment with the Company. Participants who terminate employment with the Company and have an account balance totaling \$10,000 or less will receive their benefits from the Plan in a single lump-sum payment. Participants who terminate employment with the Company and have an account balance greater than \$10,000 will receive their benefits in five or more installments. Distributions may be made in cash or Company stock or both, as directed by the participant. Distributions during any plan year shall be made only after the fair market value is determined for December 31 of the preceding plan year.

Sebesta Blomberg & Associates, Inc. Employee Stock Ownership Plan

Notes to Financial Statements

Note 1. Plan Description and Basis of Presentation (Continued)

Voting rights: Each participant will be entitled to direct the voting of stock allocated to their account with respect to certain matters of the Company, as defined by the Plan. The trustees shall vote all shares of stock held by the Plan for which they have received instructions from participants in accordance with those instructions. The trustees shall vote all shares of stock held by the Plan in unallocated accounts, shares of stock in allocated accounts for which no instructions were received, and all shares of stock on voting matters in which participants are not entitled to vote, in accordance with the trustees' discretion.

Plan amendment and termination: The Company reserves the right to amend or terminate the Plan at any time, subject to the Plan's provisions. Upon such termination of the Plan, all participants shall become 100 percent vested, and the interest of each participant in the trust will be distributed to each participant or his or her beneficiary at the time prescribed by the plan terms and the Code. Upon termination of the Plan, the trustees shall pay all liabilities and expenses of the trust and sell shares of financed Company stock held in the loan suspense account to the extent necessary to repay related loans, if any.

Vesting: For participants who have not completed one hour of service after December 31, 2006, vesting is credited at 20 percent after three years of service and increases by 20 percent per year until seven years of service, when participants are fully vested. For participants who have completed one hour of service after December 31, 2006, vesting is credited at 20 percent after one year of service and increases by 20 percent per year until five years of service, when participants are fully vested. Participants will become fully vested in their accounts in the event of reaching normal retirement age of 65, total and permanent disability, or death, while employed by the Company.

Participant accounts and forfeitures: The Plan is a defined contribution plan under which separate individual accounts are established for each participant. As of each valuation date, each participant's account is credited with forfeitures of Company stock, any earnings or losses (net appreciation or net depreciation), and the participant's allocable share of employer contributions. Allocations are based on a participant's eligible compensation (as defined) in proportion to total eligible compensation. Forfeitures allocated to participants totaled approximately \$62,000 during 2009 and approximately \$44,000 during 2008.

Participant loans: Participant loans are not allowed by the Plan.

Put option: Under federal income tax regulations, employer stock held by the Plan and its participants that is not readily tradable on an established market, or is subject to trading limitations, includes a put option (liquidity put). The liquidity put is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the fair market value of the stock, as determined by the most recent appraised value of the Company stock. The purpose of the liquidity put is to ensure that the participant has the ability to ultimately obtain cash. Neither the Company nor the Plan is obligated to purchase Company stock from participants more than 120 days after the stock has been distributed from the Plan.

Diversification: Participants are allowed to convert Company stock into other investments while still employed by the Company after attaining age 55 and after 10 years of participation in the Plan. Diversification is offered to each eligible participant over a six-year period. Participants may diversify up to 25 percent of their vested account balance in Company stock during a five-year period, with the maximum increasing to 50 percent in the sixth and final year. The shares that are diversified will be transferred to the Sebesta Blomberg & Associates, Inc. Savings and Retirement Plan.

Sebesta Blomberg & Associates, Inc. Employee Stock Ownership Plan

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies

Method of accounting: The financial statements of the Plan are prepared under the accrual method of accounting.

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

Investment valuation and income recognition: The investment in Company stock is stated at estimated fair value as determined by an independent appraisal. The investment in the money market account is carried at cost plus accrued income, which approximates fair value. See Note 5 for a discussion of fair value measurements.

Net appreciation (depreciation) in the estimated fair value of the investment in Company stock is based entirely on the independent appraisal. Interest income is recorded on the accrual basis.

Operating expenses: All expenses of maintaining the Plan are paid by the Company.

Share allocation: Shares to be released with debt payments are allocated to participants when the debt payments are made.

Subsequent events: The trustees have evaluated subsequent events through October 11, 2010, the date the financial statements were available to be issued.

Note 3. Funding Policy

The Company is required to make contributions to the Plan in amounts needed for the Plan's debt service. In addition, the Company may make discretionary contributions to the Plan for liquidity requirements, as determined by the Company's Board of Directors. Contributions may be in cash or Company stock. Employee contributions to the Plan are not permitted.

Note 4. Investments in Company Stock

The Plan is designed to invest primarily in Company stock. To the extent that Company stock is available at a price which is not greater than its fair market value, the assets of the Plan shall be invested in Company stock. In 2008, the Plan purchased 302,975 unallocated shares of Company stock at a fair value of \$3,684,176 through the issuance of notes payable (see Note 6). At this time, the Plan had 88,018 allocated shares of Company stock. During 2009, the Plan made required principal and interest payments on notes payable totaling approximately \$674,000, which resulted in the allocation of 43,406.45 shares of Company stock at a fair value of approximately \$445,000. The Company declared an additional discretionary contribution to the Plan for the year ended December 31, 2009, totaling \$632,783, which was not paid by the Plan until 2010. Accordingly, the Plan did not allocate the related shares until additional contribution was received in 2010.

Sebesta Blomberg & Associates, Inc. Employee Stock Ownership Plan

Notes to Financial Statements

Note 4. Investments in Company Stock (Continued)

The Plan's investment in Company stock at December 31, 2009 and 2008, is presented in the following table:

	December 31, 2009		December 31, 2008	
	Allocated	Unallocated	Allocated	Unallocated
Number of shares	201,325.77	189,667.23	157,919.32	233,073.68
Cost	\$ 1,911,324	\$ 2,306,354	\$ 1,299,332	\$ 2,834,176
Fair value	2,866,879	2,700,861	1,620,252	2,391,336

The Company stock is valued by an independent valuation specialist at least annually. Because of the inherent subjectivity in any valuation, the estimated fair values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Note 5. Fair Value Measurements

Accounting guidance was recently issued that establishes a framework for measuring fair value under generally accepted accounting principles. That 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 are described as follows:

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

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specific (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 is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used between December 31, 2009 and 2008.

Investment in Sebesta Blomberg & Associates, Inc. common stock: The investment in Sebesta Blomberg & Associates, Inc. common stock is valued based on an annual independent appraisal using a combination of an income (discounted cash flows) and market approach methodologies.

Sebesta Blomberg & Associates, Inc. Employee Stock Ownership Plan

Notes to Financial Statements

Note 5. Fair Value Measurements (Continued)

Investment in money market account: The investment in money market account is valued at cost plus accrued income, which approximates fair value determined from or corroborated by observable market data by correlation or other means.

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

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2009 and 2008:

	Assets at Fair Value as of December 31, 2009			
	Level 1	Level 2	Level 3	Total
Investment in Sebesta Blomberg & Associates, Inc. common stock	\$ -	\$ -	\$ 5,567,740	\$ 5,567,740
Investment in money market account	-	6,850	-	6,850
Total assets at fair value	<u>\$ -</u>	<u>\$ 6,850</u>	<u>\$ 5,567,740</u>	<u>\$ 5,574,590</u>

	Assets at Fair Value as of December 31, 2008			
	Level 1	Level 2	Level 3	Total
Investment in Sebesta Blomberg & Associates, Inc. common stock	\$ -	\$ -	\$ 4,011,588	\$ 4,011,588
Investment in money market account	-	93,875	-	93,875
Total assets at fair value	<u>\$ -</u>	<u>\$ 93,875</u>	<u>\$ 4,011,588</u>	<u>\$ 4,105,463</u>

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2009:

Balance, beginning of year	\$ 4,011,588
Net appreciation in value of stock	1,556,152
Balance, end of the year	<u>\$ 5,567,740</u>

Sebesta Blomberg & Associates, Inc. Employee Stock Ownership Plan

Notes to Financial Statements

Note 6. Notes Payable

Notes payable are secured by unallocated shares of Company stock. Notes payable at December 31, 2009, consisted of the following:

	December 31	
	2009	2008
4.46% note payable to Company, annual interest-only payments due December 31, 2009 to December 31, 2012, at which time annual principal and interest begin again, with the final principal and interest payment due December 2016 (a)	\$ 1,993,651	\$ 2,182,931
8.00% notes payable to shareholders, due in various annual installments plus interest, with the final principal and interest payments due January 2011	450,640	651,245
	<u>\$ 2,444,291</u>	<u>\$ 2,834,176</u>

- (a) The Company declared a discretionary contribution of approximately \$633,000 for the year ended December 31, 2009. This additional contribution will be used to reduce the note payable balance when received in 2010. The amount of the additional contribution has been included with the debt maturities below.

The aggregate annual maturities required on long-term debt outstanding at December 31, 2009, are approximately as follows:

Years ending December 31:	
2010	\$ 869,000
2011	263,000
2012	279,000
2013	292,000
2014	305,000
Thereafter	436,000
	<u>\$ 2,444,000</u>

Note 7. Tax Status

The Plan obtained a determination letter on June 21, 2010, in which the Internal Revenue Service stated that the Plan, as designed, was in compliance with the applicable requirements of the Internal Revenue Code. At December 31, 2009, the trustees believe the Plan was designed and being operated in compliance with the applicable provisions of the Internal Revenue Code.

An accounting standard was recently issued that clarifies the accounting for uncertainty in income taxes. The Plan adopted this new guidance for the year ended December 31, 2009. The trustees evaluated the Plan's tax positions and concluded that the Plan had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

Sebesta Blomberg & Associates, Inc. Employee Stock Ownership Plan

Schedule H, Line 4i — Schedule of Assets (Held at End of Year)
December 31, 2009

Description	Cost	Fair Value
Sebesta Blomberg & Associates, Inc.* common stock — 201,325.77 allocated shares	\$ 1,911,324	\$ 2,866,879
Sebesta Blomberg & Associates, Inc.* common stock — 189,667.23 unallocated shares	2,306,354	2,700,861
Federated U.S. Treasury Cash Reserves Fund; Institutional Shares	6,850	6,850
	<u>\$ 4,224,528</u>	<u>\$ 5,574,590</u>

*Designates party in interest.