# 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), 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

**2010**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

**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
CANNON INDUSTRIES, INC. 401(K) PROFIT SHARING PLAN

**1b** Three-digit plan number (PN) ▶ 001

**1c** Effective date of plan 06/01/1993

**2a** Plan sponsor's name and address (employer, if for a single-employer plan)
(Address should include room or suite no.)
CANNON INDUSTRIES, INC.

525 LEE ROAD
ROCHESTER, NY 14606

**2b** Employer Identification Number (EIN)
16-1152293

**2c** Sponsor's telephone number
585-254-8080

**2d** Business code (see instructions)
333510

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

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

| | | | |
|---|---|---|---|
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 10/14/2011 | JACK CANNON |
| | **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 |

**3a** Plan administrator's name and address (if same as plan sponsor, enter "Same")
CANNON INDUSTRIES, INC.

525 LEE ROAD
ROCHESTER, NY 14606

**3b** Administrator's EIN
16-1152293

**3c** Administrator's telephone number
585-254-8080

**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** | 134 |
| **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** | 125 |
| **b** | Retired or separated participants receiving benefits | **6b** | 0 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 19 |
| **d** | Subtotal. Add lines **6a**, **6b**, and **6c** | **6d** | 144 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits | **6e** | 0 |
| **f** | Total. Add lines **6d** and **6e** | **6f** | 144 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 71 |
| **h** | Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 11 |
| **7** | Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | |

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2E 2G 2J 2K 2T 3D

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

**9b** Plan benefit arrangement (check all that apply)

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

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

**a Pension Schedules**

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

**b General Schedules**

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

# 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

**2010**

**This Form is Open to Public Inspection.**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

**A** Name of plan
CANNON INDUSTRIES, INC. 401(K) PROFIT SHARING PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan or DFE sponsor's name as shown on line 2a of Form 5500
CANNON INDUSTRIES, INC.

**D** Employer Identification Number (EIN)
16-1152293

**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: WELLS FARGO STABLE RETURN FUND

**b** Name of sponsor of entity listed in (a): WELLS FARGO BANK MINNESOTA, N.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) |
|---|---|---|
| 41-6202499-001 | C | 10721 |

**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) |
|---|---|---|

**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 |
|---|---|

**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

**2010**

**This Form is Open to Public Inspection**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

**A** Name of plan
CANNON INDUSTRIES, INC. 401(K) PROFIT SHARING PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
CANNON INDUSTRIES, INC.

**D** Employer Identification Number (EIN)
16-1152293

## Part I Asset and Liability Statement

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

| Assets | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | 1a | | |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | | |
| **(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) | 19232 | 13769 |
| **(9)** Value of interest in common/collective trusts | 1c(9) | 6044 | 10721 |
| **(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) | 454455 | 663025 |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | | |

| | | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|---|
| **1d** | Employer-related investments: | | | |
| | **(1)** Employer securities | 1d(1) | | |
| | **(2)** Employer real property | 1d(2) | | |
| **e** | Buildings and other property used in plan operation | 1e | | |
| **f** | Total assets (add all amounts in lines 1a through 1e) | 1f | 479731 | 687515 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | | |
| **h** | Operating payables | 1h | | |
| **i** | Acquisition indebtedness | 1i | | |
| **j** | Other liabilities | 1j | | |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | 0 | 0 |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 479731 | 687515 |

## 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) | 19372 | |
| | **(B)** Participants | 2a(1)(B) | 156873 | |
| | **(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) | | 176245 |
| **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) | 896 | |
| | **(F)** Other | 2b(1)(F) | | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 896 |
| | **(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) | | |
| | **(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) | | |
| (C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B) | 2b(5)(C) | | 0 |
| (6) Net investment gain (loss) from common/collective trusts | 2b(6) | | 178 |
| (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) | | 68831 |
| c Other income | 2c | | |
| d Total income. Add all **income** amounts in column (b) and enter total | 2d | | 246150 |
| **Expenses** | | | |
| e Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 23453 | |
| (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) | | 23453 |
| f Corrective distributions (see instructions) | 2f | | 12256 |
| g Certain deemed distributions of participant loans (see instructions) | 2g | | |
| h Interest expense | 2h | | |
| i Administrative expenses: (1) Professional fees | 2i(1) | | |
| (2) Contract administrator fees | 2i(2) | 2657 | |
| (3) Investment advisory and management fees | 2i(3) | | |
| (4) Other | 2i(4) | | |
| (5) Total administrative expenses. Add lines 2i(1) through (4) | 2i(5) | | 2657 |
| j Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 38366 |
| **Net Income and Reconciliation** | | | |
| k Net income (loss). Subtract line 2j from line 2d | 2k | | 207784 |
| 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: SARDONE, ROBINSON & ASSOCIATES, LLC (2) EIN: 16-1587614

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.) | 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 | |
| **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 | | 100000 |
| **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) |
|---|---|---|
| | | |
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# 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

**2010**

**This Form is Open to Public Inspection.**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

**A** Name of plan
CANNON INDUSTRIES, INC. 401(K) PROFIT SHARING PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
CANNON INDUSTRIES, INC.

**D** Employer Identification Number (EIN)
16-1152293

## Part I Distributions

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

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

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

EIN(s): 16-1385386

**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 ..... **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**

## 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):

---

**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):

# CANNON INDUSTRIES, INC.
# 401(K) PROFIT SHARING PLAN

## FINANCIAL STATEMENTS

## DECEMBER 31, 2010 AND 2009

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**SARDONE, ROBINSON & ASSOCIATES LLP**
*Certified Public Accountants*

**Christopher M. Sardone, CPA**
**George A. Robinson, Jr., CPA**
Lynn A. Dandrea, CPA

INDEPENDENT AUDITORS' REPORT

To the Administrative Committee of
Cannon Industries, Inc. 401(K) Profit Sharing Plan
Rochester, NY 14606

We were engaged to audit the financial statements of Cannon Industries, Inc. 401(k) Profit Sharing Plan as of December 31, 2010 and 2009 and for the years then ended and the supplementary schedule as of December 31, 2010 as listed in the accompanying table of contents. These financial statements and schedule are the responsibility of the Plan's management.

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 that was certified by MG Trust Company, the Trustee of the Plan, except for comparing the information with the related information included in the financial statements and schedules. We have been informed by the Plan Administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the Trustee as of and for the years ended December 31, 2010 and 2009, that the information provided to the Plan Administrator by the Trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and schedule taken as a whole. The form and content of the information included in the financial statements and schedule, other than that derived from the information certified by the Trustee, have been audited by us in accordance with generally accepted auditing standards 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.

Sardone Robinson & Associates LLP

Rochester, New York
October 12, 2011



115 Metro Park • Rochester, New York 14623 • 585-232-8550 • Fax: 585-232-8595 • E-Mail: srs@cpasrs.com

**CANNON INDUSTRIES, INC. 401(K) PROFIT SHARING PLAN**
**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**
**DECEMBER 31, 2010 AND 2009**
**(SEE INDEPENDENT AUDITORS' REPORT)**

## ASSETS

| | 2010 | 2009 |
|---|---|---|
| ***INVESTMENTS, AT FAIR VALUE*** | | |
| Van Kampen Equity and Income Fund | $ - | $ 11,117 |
| Invesco Van Kampen Equity and Income Fund | 18,044 | - |
| American Funds Capital World Growth and Income Fund | 110,708 | 76,151 |
| American Funds Growth Fund | 93,188 | 62,888 |
| American Funds Income Fund | 848 | 96 |
| Blackrock Large Cap Value | 82,545 | 58,652 |
| Calamos Growth Fund | 55,662 | 34,333 |
| ING Global Real Estate Fund | 62,469 | 39,639 |
| Oppenheimer Small and Mid Cap Value | 44,319 | 26,148 |
| Pioneer Golbal High Yield Fund | 48,147 | 30,522 |
| Loomis Sayles Strategic Income Fund | 38,732 | 20,875 |
| Wells Fargo Stable Return Fund | 10,721 | 6,044 |
| American Capital Income Builders | 12,172 | 6,693 |
| Franklin Mutual Discovery Fund | 81,551 | 80,454 |
| Calvert Income Fund | 11,673 | 6,027 |
| Franklin Mutual Qualified Fund | 2,967 | 860 |
| Participant Loans | 13,769 | 19,232 |
| ***TOTAL INVESTMENTS*** | 687,515 | 479,731 |
| ***RECEIVABLES*** | | |
| Employer Contributions | 1,109 | 1,089 |
| Employee Contributions | 7,638 | 22,688 |
| ***TOTAL RECEIVABLES*** | 8,747 | 23,777 |
| ***TOTAL ASSETS*** | 696,262 | 503,508 |
| ***NET ASSETS AVAILABLE FOR BENEFITS*** | **$ 696,262** | **$ 503,508** |

**CANNON INDUSTRIES, INC. 401(K) PROFIT SHARING PLAN**
**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**
**(SEE INDEPENDENT AUDITORS' REPORT)**

| | 2010 | 2009 |
|---|---|---|
| ***ADDITIONS TO NET ASSETS ATTRIBUTED TO:*** | | |
| ***INVESTMENT INCOME*** | | |
| Net Appreciation in Fair Value of Investments | $ 69,009 | $ 97,666 |
| Interest and Dividend Income | 896 | 998 |
| ***NET INVESTMENT INCOME*** | 69,905 | 98,664 |
| ***CONTRIBUTIONS*** | | |
| Employer | 19,392 | 12,375 |
| Employees | 141,823 | 102,536 |
| ***TOTAL CONTRIBUTIONS*** | 161,215 | 114,911 |
| ***TOTAL ADDITIONS*** | 231,120 | 213,575 |
| ***DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:*** | | |
| Benefits Paid to Participants | 35,709 | 26,683 |
| Administrative Expenses | 2,657 | 2,925 |
| ***TOTAL DEDUCTIONS*** | 38,366 | 29,608 |
| ***NET INCREASE*** | 192,754 | 183,967 |
| ***NET ASSETS AVAILABLE FOR BENEFITS BEGINNING OF YEAR*** | 503,508 | 319,541 |
| ***NET ASSETS AVAILABLE FOR BENEFITS END OF YEAR*** | **$ 696,262** | **$ 503,508** |

**CANNON INDUSTRIES, INC. 401(K) PROFIT SHARING PLAN**
**NOTES TO FINANCIAL STATEMENTS**
**DECEMBER 31, 2010 AND 2009**
**(SEE INDEPENDENT AUDITORS' REPORT)**

## *NOTE 1 DESCRIPTION OF PLAN:*

The following description of the Cannon Industries Inc., 401(K) Profit Sharing Plan provides only general information. Participants should refer to the Plan Agreement for a more complete description of the Plan's provisions.

General
The Plan is a defined contribution plan covering employees 21 years or older who complete three months of employment with Cannon Industries, Inc. Participants enter the plan on the quarter following completion of three months of employment. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions
After completing three months of service, all employees become eligible to make pretax contributions. All participants may make tax-deferred cash contributions of up to 100% of total compensation subject to applicable limits of the Internal Revenue Code. Compensation is defined in the plan as W-2 compensation.

The Company contributes 1/4 of each employee's elected contribution up to 1 percent for each employee. The Company also may contribute a discretionary amount based on the Company's current year's profits, which is proportionately allocated to each participant. For the years ended December 31, 2010 and 2009, no discretionary Company contribution was paid.

Participant Accounts
Each participant's account is credited with the participant's contribution and the company's matching contribution and allocation of (A) the company's discretionary contribution, (B) Plan earnings, and (C) forfeitures of terminated participants' non-vested accounts. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Vesting
Participants are immediately vested in their voluntary contributions as well as the Company's matching contribution plus actual earnings thereon. Participants are vested in discretionary contributions made by the Company according to a five-years-of-service vesting schedule.

Payment of Benefits
On termination of service, a participant may elect to receive either a lump sum amount equal to the value of his or her account, or periodic payments to be determined at the time of termination.

***NOTE 1 DESCRIPTION OF PLAN - (continued):***

Investment Options

Upon enrollment in the plan, a participant may direct employee contributions in 5% increments into any of the options listed below. Participants may change their investment mix at any time during the year.

*American Funds Capital World Growth and Income Fund*

The American Funds Capital World is a mutual fund that invests primarily in Stock to achieve long term growth of capital with current income by investing in established, growing companies all over the world, including the United States.

*American Funds Capital Income Builders*

The American Funds Capital Income Builders seeks to provide a level of current income that exceeds the average yield on U.S. stocks generally and a growing stream of income over the years. In addition, it strives to make investments grow over time.

*American Funds Growth Fund of America*

The American Funds Growth Fund of America seeks to provide long-term growth through a diversified portfolio of common stock.

*American Funds Income Fund of America*

The American Funds Income Fund of America seeks primarily to provide current income and secondly, growth of capital through a flexible mix of equity and debt instruments.

*Wells Fargo Stable Return Fund*

The Stable Return Fund seeks to provide a moderate level of stable income without principal volatility by investing in a variety of investment contracts and instruments issued by insurance companies and financial institutions.

*Calamos Growth Fund*

The Calamos Growth Fund seeks to provide a portfolio that pursues the highest U.S. growth opportunities regardless of company size or industry.

*Calvert Income Fund*

The account seeks to maximize income, to an extent consistent with preservation of capital through investment in bonds and other income-producing securities.

*Franklin Mutual Discovery Fund*

The investment seeks capital appreciation by investing primarily in equity securities of companies of any nation the Fund's managers believe are at prices below their intrinsic value.

**NOTE 1 DESCRIPTION OF PLAN (continued):**

*Franklin Mutual Qualified Fund*
The account seeks capital appreciation; income is a secondary consideration. The fund normally invests primarily in equity securities of U.S. and foreign companies that are believed to be available at below their intrinsic value.

*ING Global Real Estate Fund*
The fund invests primarily in small mid and large cap stocks in a number of different countries including the U.S. that own operate, develop or manage real estate.

*Loomis Sayles Strategic Income Fund*
The investment seeks high current income; growth of capital is a secondary consideration. The fund normally invests all of assets in income producing securities with a focus on U.S. Corporate bonds, convertible securities, and foreign debt instruments.

*Blackrock Large Cap Value Fund*
The investment seeks long-term growth of capital. The fund invests 80% of assets in equity securities of large cap companies, which at time of purchase have a market capitalization equal to or greater than 80% of the Russell 1000 Value index.

*Oppenheimer Small & Mid Cap Value Fund*
The investment seeks capital appreciation. The fund invests mainly in stocks of U.S. issuers having a market capitalization up to $13 billion.

*Pioneer Global High Yield Fund*
The fund seeks to maximize total return through a combination of income and capital appreciation. The fund consists of debt securities and preferred stocks of both U.S. and non-U.S. companies.

*Van Kampen Equity and Income Fund*
The fund seeks highest possible income consistent with safety of principle. Long term growth of capital is an important secondary objective. Invests at least 65% of assets in income producing equity securities.

*Invesco Van Kampen Equity and Income Fund*
This fund seeks a high level of income, consistent with safety of principal, with long-term growth of capital as a secondary objective. The fund invests primarily in income-producing equity securities and investment grade quality debt securities.

## *NOTE 2 SIGNIFICANT ACCOUNTING POLICES:*

Basis of Accounting
The Plan's financial statements have been prepared on the accrual basis of accounting.

Investments
The Plan's investments are recorded at market value, as established by the trustee, as of December 31, 2010. Administrative expenses of the Plan include recordkeeping fees and legal fees and are paid by the Plan. The amount charged for administrative expenses totaled $2,657 and $2,925 for the years ended December 31, 2010 and 2009.

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

## *NOTE 3 INVESTMENTS:*

Quoted market prices are used to value investments. The Plan's investments are all mutual funds traded in the open market.

## *NOTE 4 PARTICIPANT NOTES RECEIVABLE:*

The Company allows for loans to plan participants. The loans must be approved by the Plan Trustee. The MG Trust Company sets up a repayment plan which includes interest. The term of the payback is five years with payments being made weekly. The interest rate is fixed at the time of a loan to a rate between 4.25% and 7.25%. As of December 31, 2010 and 2009, all loans were current.

## *NOTE 5 TAX STATUS:*

The Trust established under the Plan to hold the Plan's assets is qualified pursuant to the appropriate section of the Internal Revenue Code; and accordingly, the Trust's net investment income is exempt from income taxes. The Plan obtained a favorable tax determination letter dated June 1, 1993 from the Internal Revenue Service and the Plan sponsor believes that the Plan continues to qualify and to operate as designed.

***NOTE 6*** ***SUMMARY OF INFORMATION CERTIFICATE:***

The Trustee of the plan, MG Trust Company, LLC has supplied the plan administrator with a certification as to the completeness and accuracy of the information regarding the investment in Cannon Industries, Inc. 401(K) Profit Sharing Plan presented in the accompanying statements of net assets available for Plan benefits as of December 31, 2010 and in the statements of changes in net assets for the years then ended and the related schedules.

***NOTE 7*** ***INVESTMENT APPRECIATION:***

The plan's investments (including investments bought, sold, and/or held during the year) appreciated in value for the years ended December 31, 2010 as follows:

| | **2010** |
|---|---|
| Van Kampen Equity & Income Fund | $ (13,925) |
| Invesco Van Kampen Equity and Income Fund | 15,728 |
| American Funds Capital World Growth and Income Fund | 7,633 |
| American Funds Growth Fund | 9,301 |
| American Funds Income Fund | 62 |
| Blackrock Large Cap Value Fund | 6,987 |
| Calamos Growth Fund | 8,637 |
| ING Global Real Estate Fund | 8,435 |
| Oppenheimer Small and Mid-Cap Value Fund | 6,888 |
| Pioneer Global High Yield Fund | 6,109 |
| Loomis Sayles Strategic Income Fund | 3,579 |
| Wells Fargo Stable Return Fund | 178 |
| American Funds Capital Income Builders | 833 |
| Franklin Mutual Discovery Fund | 7,826 |
| Calvert Income Fund | 477 |
| Franklin Mutual Qualified Fund | 261 |
| Total Appreciation for Year Ended December 31 | **$ 69,009** |

During the year ended December 31, 2010, the Plan switched investment funds from the Van Kampen Equity & Income Fund to the Invesco Van Kampen Equity and Income Fund. All investments that were invested in the Van Kampen Equity & Income Fund rolled into Invesco Van Kampen Equity and Income Fund.

At December 31, 2010, MG Trust Company LLC had a pending dividend transaction which was not settled until January 3, 2011. This dividend income for $1,176 was reinvested into ING Global Real Estate Fund on January 3, 2011. However, the Form 5500 had recorded the income as received during 2010. Therefore, this dividend income was recorded as received for 2010 in the financial statements.

***NOTE 8*** ***MANAGEMENT REVIEW:***

Management has evaluated subsequent events through October 12, 2011, the date on which the financial statements were available to be issued.

ATTACHMENT TO FORM 5500
2010 SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS
(HELD AT END OF YEAR

**PLAN NAME: CANNON INDUSTRIES, INC. 401(k) PLAN** **EIN: 16-1152293** **PN 001**

| (a) (b) identity of issue, borrower, lessor including or similar party | (d) Cost maturity date, rate of interest, collateral, par, or maturity value | (c) Description of investment (e) Current Value |
|---|---|---|
| LOAN FUND | OTHER LOANS 0.05250 – 0.10250 | 13,769 |
| AMERICAN FUNDS CAPITAL WORLD GROWTH & INCOME | VALUE OF INT IN REGIST INVEST CO | 110,708 |
| AMERICAN FUNDS CAPITAL INCOME BUILDER | VALUE OF INT IN REGIST INVEST CO | 12,172 |
| AMERICAN FUNDS GROWTH FUND OF AMERICA | VALUE OF INT IN REGIST INVEST CO | 93,188 |
| BLACKROCK LARGE CAP | VALUE OF INT IN REGIST INVEST CO | 82,545 |
| CALAMOS GROWTH FUND | VALUE OF INT IN REGIST INVEST CO | 55,662 |
| CALVERT INCOME | VALUE OF INT IN REGIST INVEST CO | 11,673 |
| ING GLOBAL REAL ESTATE | VALUE OF INT IN REGIST INVEST CO | 62,469 |
| LOOMIS SAYLESSTRAT INCOME C | VALUE OF INT IN REGIST INVEST CO | 38,732 |
| FRANKLIN MUTUAL & DISCOVERY FUND | VALUE OF INT IN REGIST INVEST CO | 81,551 |
| FRANKLIN MUTUAL QUALIFIED FUND C | VALUE OF INT IN REGIST INVEST CO | 2,967 |
| OPPENHEIMER SMALL CAP VALUE C | VALUE OF INT IN REGIST INVEST CO | 44,319 |
| PIONEER GLOBAL A YIELD FUND C | VALUE OF INT IN REGIST INVEST CO | 48,147 |
| INVESCO VAN KAMPEN EQUITY & INCOME | VALUE OF INT IN REGIST INVEST CO | 18,044 |
| WELLS FARGO STABLE FUND J | VALUE OF INT IN REGIST INVEST CO | 10,721 |
| AMERICAN FUNDS INCOME FUND OF AMERICA | VALUE OF INT IN REGIST INVEST CO | 848 |

ATTACHMENT TO FORM 5500
2010 SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS
(HELD AT END OF YEAR

**PLAN NAME: CANNON INDUSTRIES, INC. 401(k) PLAN** **EIN: 16-1152293** **PN 001**

| (a) (b) identity of issue, borrower, lessor including or similar party | (d) Cost maturity date, rate of interest, collateral, par, or maturity value | (c) Description of investment (e) Current Value |
|---|---|---|
| LOAN FUND | OTHER LOANS 0.05250 – 0.10250 | 13,769 |
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| FRANKLIN MUTUAL & DISCOVERY FUND | VALUE OF INT IN REGIST INVEST CO | 81,551 |
| FRANKLIN MUTUAL QUALIFIED FUND C | VALUE OF INT IN REGIST INVEST CO | 2,967 |
| OPPENHEIMER SMALL CAP VALUE C | VALUE OF INT IN REGIST INVEST CO | 44,319 |
| PIONEER GLOBAL A YIELD FUND C | VALUE OF INT IN REGIST INVEST CO | 48,147 |
| INVESCO VAN KAMPEN EQUITY & INCOME | VALUE OF INT IN REGIST INVEST CO | 18,044 |
| WELLS FARGO STABLE FUND J | VALUE OF INT IN REGIST INVEST CO | 10,721 |
| AMERICAN FUNDS INCOME FUND OF AMERICA | VALUE OF INT IN REGIST INVEST CO | 848 |