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**ANNUAL AUDITED REPORT  
 FORM X-17A-5  
 PART III**

SEC FILE NUMBER  
 8 51388

**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
 Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/04 AND ENDING 12/31/04  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: CRD #46343  
 Oak Grove Investment Services, Inc.

OFFICIAL USE ONLY  
 FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
207 South Walnut Street

(No. and Street)

Rochester Illinois 62563  
(City) (State) (Zip Code)

**NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT**

Don McCarthy 217-498-8600  
(Area Code — Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

**INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\***

Estes, Bridgewater & Ogden

(Name — if individual, state last, first, middle name)

901 S. Second Street Springfield Illinois 62704  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

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 FINANCIAL

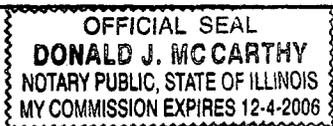
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

25  
3/10/05

OATH OR AFFIRMATION

I, Christopher Bivens, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Oak Grove Investment Services, Inc., as of December 31, 2004, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



*Christopher Bivens*  
Signature

SEC-TREAS

Title

*Donald J. McCarthy*  
Notary Public

This report\*\* contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**OAK GROVE INVESTMENT  
SERVICES, INC.**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2004**

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Oak Grove Investment Services, Inc.

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# Estes, Bridgewater & Ogden

RICHARD W. OGDEN, C.P.A.  
RICHARD L. GRAFTON, C.P.A.  
ROY A. BALLINGER, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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CATHY A. SALMON

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Oak Grove Investment Services, Inc.

We have audited the accompanying statement of financial condition of Oak Grove Investment Services, Inc. (a Corporation) as of December 31, 2004 and the related statements of changes in stockholders' equity, income, cash flows and computation of net capital for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Oak Grove Investment Services, Inc. as of December 31, 2004 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Estes, Bridgewater & Ogden*  
Certified Public Accountants

February 21, 2005

Oak Grove Investment Services, Inc.  
**STATEMENT OF FINANCIAL CONDITION**  
 December 31, 2004

Statement 1

Assets

**CURRENT ASSETS**

Cash & cash equivalents .....	\$ 57,450
Investment.....	6,000
Accounts receivable .....	<u>28,536</u>
 Total current assets .....	 <u>91,986</u>

PROPERTY & EQUIPMENT – less accumulated depreciation of \$2,812 .....	<u>0</u>
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TOTAL ASSETS.....	\$ <u>91,986</u>
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Liabilities and Stockholders' Equity

**CURRENT LIABILITIES**

Accounts payable .....	\$ 23,400
Income taxes payable .....	<u>12,141</u>
 Total current liabilities .....	 <u>35,541</u>

**STOCKHOLDERS' EQUITY**

Common stock – Authorized 1,000,000 Shares, no par value; issued and outstanding 1,000,000 shares .....	1,000
Paid in capital.....	12,050
Retained earnings.....	<u>43,395</u>
 Total stockholders' equity.....	 <u>56,445</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY .....	\$ <u>91,986</u>
--	------------------

The accompanying notes are an integral part of these financial statements.

Oak Grove Investment Services, Inc.  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
For the year ended December 31, 2004

Statement 2

Balance Beginning of Year .....	\$ 12,024
Net income for the year.....	44,421
Dividends paid .....	0
Additional paid in capital.....	<u>0</u>
Balance End of Year .....	<u>\$ 56,445</u>

The accompanying notes are an integral part of these financial statements.

Oak Grove Investment Services, Inc.  
**STATEMENT OF INCOME**  
For the year ended December 31, 2004

Statement 3

**REVENUE**

Commission income.....	\$573,882
Registration & license.....	16,095
Interest income.....	<u>91</u>
Total revenue .....	<u>590,068</u>

**EXPENSES**

Legal & accounting.....	1,995
Bank charges.....	671
Bonus .....	500
Commissions.....	436,168
Licensing.....	39,665
Contract labor.....	32,726
Office supplies .....	846
Postage .....	622
Miscellaneous .....	100
Speaker & meeting expenses .....	288
Telephone.....	671
Insurance.....	307
Storage .....	2,871
Internet.....	300
Management fee.....	15,000
Depreciation.....	<u>536</u>
Total expenses.....	<u>533,266</u>

**NET INCOME BEFORE INCOME TAXES.....** **56,802**

Federal & State Income Taxes..... ( 12,381)

**NET INCOME FOR THE YEAR.....** **\$ 44,421**

The accompanying notes are an integral part of these financial statements.

Oak Grove Investment Services, Inc.  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2004

Statement 4

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net income .....	\$ 44,421
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation .....	536
(Increase) in accounts receivable .....	( 17,671)
Increase in accounts payable.....	14,491
Increase in income taxes payable.....	<u>11,784</u>
Net cash provided by operating activities.....	<u>53,561</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of equipment.....	( <u>536</u> )
----------------------------	----------------

**INCREASE IN CASH AND CASH EQUIVALENTS .....** **53,025**

CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR .....

	<u>4,425</u>
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**CASH AND CASH EQUIVALENTS – END OF YEAR.....** **\$ 57,450**

The accompanying notes are an integral part of these financial statements.

Oak Grove Investment Services, Inc.  
**COMPUTATION OF NET CAPITAL**  
For the year ended December 31, 2004

Statement 5

Allowable assets.....	\$ 91,986
Un-allowable assets .....	<u>0</u>
Total allowable assets .....	91,986
Total liabilities .....	( <u>35,541</u> )
Net capital per audit report accrual basis.....	56,445
Adjust to cash basis	
Less: Account receivable .....	( 28,536)
Plus: Accounts payable.....	<u>35,541</u>
Net capital per client cash basis December 31, 2004 Focus Report.....	\$ <u>63,450</u>

Oak Grove Investment Services, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2004

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- a. Nature of Business - Oak Grove Investment Services, Inc. (Company) was incorporated in Illinois on April 19, 1999. The Company is a NASD registered broker-dealer providing investment products such as mutual funds and variable annuities.
- b. Basis on accounting - The books and records of the Company are maintained on the cash basis of accounting for tax reporting purposes and are converted to the accrual basis for financial statement reporting purposes. For financial statement reporting revenues are recognized when earned and expenses are recognized when incurred.
- c. Cash and cash equivalents - Short-term investments with an original maturity of three months or less are considered to be cash equivalents.
- d. Property & equipment - Fixed assets are stated at cost. Depreciation is computed using the modified cost recovery methods allowable under the Internal Revenue Code. The recovery periods being used are 5 and 7 years for furniture, fixtures and equipment and 39 years for leasehold improvements.
- e. Income taxes - Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due.
- f. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – INVESTMENT**

The Company has a \$6,000 certificate of deposit with Rochester State Bank, Rochester, Illinois. The certificate matures October 28, 2005. The rate of interest is 1.5%.

**NOTE 3 – INCOME TAXES**

Income taxes payable consist of the following at December 31, 2004:

Federal	\$ 8,453
State	<u>3,928</u>
Total	12,381
Less: Federal Estimates	( <u>240</u> )
Balances payable	\$ <u>12,141</u>

**NOTE 4 – MANAGEMENT FEE**

The Company pays a management fee to Acorn Service Group, Inc. For the year ended December 31, 2004 the company paid \$15,000 to Acorn Service Group, Inc. The following items are included in and are part of the management fee: office space, office staff, utilities, office supplies, office equipment, and management of the company. Acorn Service Group, Inc. owns 100% of the stock of Oak Grove Investment Services, Inc.

# Estes, Bridgewater & Ogden

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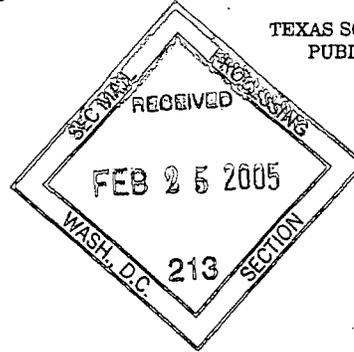
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To the Board of Directors  
Oak Grove Investment Services, Inc.

In planning and performing our audit of the financial statements of Oak Grove Investment Services, Inc. for the year ended December 31, 2004, we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control structure.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be directed within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

*Estes, Bridgewater & Ogden*  
Certified Public Accountants

February 21, 2005