

SO 9/16/05



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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

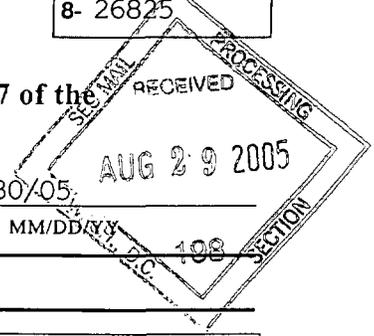
OMB APPROVAL
OMB Number: 3235-0123
Expires: January 31, 2007
Estimated average burden
hours per response... 12.00

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

SEC FILE NUMBER
8- 26825

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 07/01/04 AND ENDING 06/30/05
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: COMMONWEALTH CHURCH FINANCE, INC.

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

677 JONESBORO ROAD

(No. and Street)

MC DONOUGH

GA

30253

(City)

(State)

(Zip Code)

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

A. DAVID TURNER

678-583-9760

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

JACK F GAMEL, PC

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

8218 DURALEE LANE DOUGLASVILLE GA

30134

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED
SEP 19 2005
THOMSON FINANCIAL

FOR OFFICIAL USE ONLY

*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)

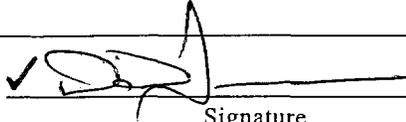
SEC 1410 (06-02)

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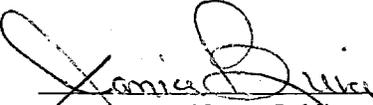
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9/16/05

OATH OR AFFIRMATION

I, A. DAVID TURNER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of COMMONWEALTH CHURCH FINANCE, INC., as of JUNE 30, 20 05, 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:


Signature

PRESIDENT
Title


Notary Public

Notary Public, Spalding County, Georgia
My Commission Expires Nov. 4, 2006

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 Proprietors' 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 15c3-3 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).

Jack F. Gamel, P.C.

Certified Public Accountants

*Jack F. Gamel, C.P.A.
Lee Rente Smither, C.P.A.*

*8218 Duralee Lane
Douglasville, Ga. 30134
770-949-5150
770-949-5855 (Fax)*

The Audit Committee
Commonwealth Church Finance, Inc.
677 Jonesboro Road
McDonough, Georgia 30253

We have audited the accompanying focus report of Commonwealth Church Finance, Inc. as of June 30, 2005, which includes the statement of financial condition and the related statements of net capital, income, and changes in ownership equity 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 generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 Commonwealth Church Finance, Inc. as of June 30, 2005 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.


Jack F. Gamel, CPA, P.C.

August 18, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0123
Expires: January 31, 2007
Estimated average burden
hours per response: 12.00

Form
X-17A-5

FOCUS REPORT
(Financial and Operational Combined Uniform Single Report)
PART IIA 12

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

1) Rule 17a-5(a) 16

2) Rule 17a-5(b) 17

3) Rule 17a-11 18

4) Special request by designated examining authority 19

5) Other 26

NAME OF BROKER-DEALER

COMMONWEALTH CHURCH FINANCE, INC. 13

SEC FILE NO.

8-26825 14

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

677 JONESBORO ROAD 20

(No. and Street)

FIRM I.D. NO.

58-1450538 15

FOR PERIOD BEGINNING (MM/DD/YY)

07/01/04 24

MCDONOUGH 21

GA 22

30253 23

(City)

(State)

(Zip Code)

AND ENDING (MM/DD/YY)

06/30/05 25

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

A. DAVID TURNER 30

(Area Code) — Telephone No.

678-583-9760 31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

OFFICIAL USE

32

33

34

35

36

37

38

39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES 40 NO 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT 42

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 12th day of August 2005

Manual signatures of:

1)  Principal Executive Officer or Managing Partner

2)  Principal Financial Officer or Partner

3)  Principal Operations Officer or Partner

ATTENTION — Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78f(a))

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FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER	COMMONWEALTH CHURCH FINANCE, INC.	as of <u>06/30/05</u>
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STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

LIABILITIES AND OWNERSHIP EQUITY

Liabilities	A.I. Liabilities	Non-A.I. Liabilities	Total
13. Bank loans payable	\$ 1045	\$ 1255 ¹³	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account	1114	1315	1560
B. Other	1115 ¹⁰	1305	1540
15. Payable to non-customers	1155	1355	1810
16. Securities sold not yet purchased, at market value		1360	1620
17. Accounts payable, accrued liabilities, expenses and other	227,550 1205	1385	227,550 1685
18. Notes and mortgages payable:			
A. Unsecured	1210		1690
B. Secured	1211 ¹²	1390 ¹⁴	1700
19. E. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:			
1. from outsiders ¹⁵ \$	970		
2. includes equity subordination (15c3-1(d)) of ... \$	980		
B. Securities borrowings, at market value		1410	1720
from outsiders \$	990		
C. Pursuant to secured demand note collateral agreements		1420	1730
1. from outsiders \$	1000		
2. includes equity subordination (15c3-1(d)) of ... \$	1010		
D. Exchange memberships contributed for use of company, at market value		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes	1220	1440	1750
20. TOTAL LIABILITIES	\$ 227,550 1230	\$ 1450	\$ 227,550 1760
Ownership Equity			
1. Sole Proprietorship			1770 ¹⁵
2. Partnership (limited partners)	1020 ¹¹		1780
3. Corporation:			
A. Preferred stock			1791
B. Common stock		21,000	1792
C. Additional paid-in capital		5,937	1793
D. Retained earnings		196,465	1794
E. Total		223,402	1795
F. Less capital stock in treasury		(1796) ¹⁶	1796
4. TOTAL OWNERSHIP EQUITY		\$ 223,402	\$ 1800
5. TOTAL LIABILITIES AND OWNERSHIP EQUITY		\$ 450,952	\$ 1810

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER **COMMONWEALTH CHURCH FINANCE, INC.**

as of 06/30/05

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition	\$	223,402	3480
2. Deduct ownership equity not allowable for Net Capital			3490
3. Total ownership equity qualified for Net Capital		223,402	3500
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital			3520
B. Other (deductions) or allowable credits (List)			3525
5. Total capital and allowable subordinated liabilities	\$	223,402	3530
6. Deductions and/or charges:			
A. Total non-allowable assets from Statement of Financial Condition (Notes B and C)	\$	64,508	3540
B. Secured demand note delinquency			3590
C. Commodity futures contracts and spot commodities - proprietary capital charges			3600
D. Other deductions and/or charges			3610
7. Other additions and/or allowable credits (List)		(64,508)	3620
8. Net capital before haircuts on securities positions	\$	158,894	3630
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):			3640
A. Contractual securities commitments	\$		3660
B. Subordinated securities borrowings			3670
C. Trading and investment securities:			
1. Exempted securities			3735
2. Debt securities			3733
3. Options			3730
4. Other securities			3734
D. Undue Concentration			3650
E. Other (List)			3736
10. Net Capital	\$	158,894	3750

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER

COMMONWEALTH CHURCH FINANCE, INC.

as of 06/30/05

COMPUTATION OF NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6 $\frac{2}{3}$ % of line 19)	\$ 15,178	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ 5,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$ 15,178	3760
14. Excess net capital (line 10 less 13)	\$ 143,716	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$ 136,139	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$ 227,550	3790
17. Add:		
A. Drafts for immediate credit	\$ 3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$ 3810	
C. Other unrecorded amounts (List)	\$ 3820	
18. Total aggregate indebtedness	\$ 227,550	3840
19. Percentage of aggregate indebtedness to net capital (line 18 ÷ by line 10)	%	143 3850
20. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	%	3860

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

21. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$	3970
22. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	3880
23. Net capital requirement (greater of line 21 or 22)	\$	3760
24. Excess capital (line 10 less 23)	\$	3910
25. Net capital in excess of the greater of:		
A. 5% of combined aggregate debit items or \$120,000	\$	3920

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
 - 1. Minimum dollar net capital requirement, or
 - 2. 6 $\frac{2}{3}$ % of aggregate indebtedness or 4% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

BROKER OR DEALER

COMMONWEALTH CHURCH FINANCE, INC.

For the period (MMDDYY) from ²⁴070104³⁹³² to ⁰⁶3005 ³⁹³³
 Number of months included in this statement 12 ³⁹³¹

STATEMENT OF INCOME (LOSS)

REVENUE			
1. Commissions:			
a. Commissions on transactions in exchange listed equity securities executed on an exchange	\$		3935
b. Commissions on listed option transactions		25	3938
c. All other securities commissions		1,584,403	3939
d. Total securities commissions			3940
2. Gains or losses on firm securities trading accounts			
a. From market making in options on a national securities exchange			3945
b. From all other trading			3949
c. Total gain (loss)			3950
3. Gains or losses on firm securities investment accounts			3952
4. Profit (loss) from underwriting and selling groups		26	3955
5. Revenue from sale of investment company shares			3970
6. Commodities revenue			3990
7. Fees for account supervision, investment advisory and administrative services		210,089	3975
8. Other revenue		840,949	3995
9. Total revenue	\$	2,635,441	4030
EXPENSES			
10. Salaries and other employment costs for general partners and voting stockholder officers		529,910	4120
11. Other employee compensation and benefits		1,351,612	4115
12. Commissions paid to other broker-dealers			4140
13. Interest expense			4075
a. Includes interest on accounts subject to subordination agreements		4070	
14. Regulatory fees and expenses		7,608	4195
15. Other expenses		750,415	4100
16. Total expenses	\$	2,639,545	4200
NET INCOME			
17. Income (loss) before Federal income taxes and items below (Item 9 less Item 16)	\$	(4,104)	4210
18. Provision for Federal income taxes (for parent only)		25	5,108
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above			4222
a. After Federal income taxes of		4338	
20. Extraordinary gains (losses)			4224
a. After Federal income taxes of		4239	
21. Cumulative effect of changes in accounting principles			4225
22. Net income (loss) after Federal income taxes and extraordinary items	\$	(9,212)	4230
MONTHLY INCOME			
23. Income (current month only) before provision for Federal income taxes and extraordinary items	\$	246,179	4211

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER

COMMONWEALTH CHURCH FINANCE, INC.

For the period (MMDDYY) from 070104 to 063005

STATEMENT OF CHANGES IN OWNERSHIP EQUITY (SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period	\$	232,614	4240
A. Net income (loss)		(9,212)	4250
B. Additions (Includes non-conforming capital of	\$	4262	4260
C. Deductions (Includes non-conforming capital of	\$	4272	4270
2. Balance, end of period (From item 1800)		\$ 223,402	4290

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period	\$	0	4300
A. Increases			4310
B. Decreases			4320
4. Balance, end of period (From item 3520)		\$	4330

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FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

BROKER OR DEALER

COMMONWEALTH CHURCH FINANCE INC

as of 06/30/05

EXEMPTIVE PROVISION UNDER RULE 15c3-3

24. If an exemption from Rule 15c3-1 is claimed, identify below the section upon which such exemption is based (check one only)

- | | | |
|---|-------------------------------------|------|
| A. (k)(1) — \$2,500 capital category as per Rule 15c3-1 | <input type="checkbox"/> | 4550 |
| B. (k)(2)(A) — "Special Account for the Exclusive Benefit of customers" maintained | <input checked="" type="checkbox"/> | 4560 |
| C. (k)(2)(B) — All customer transactions cleared through another broker-dealer on a fully disclosed basis.
Name of clearing firm ³⁰ | <input type="checkbox"/> | 4570 |
| D. (k)(3) — Exempted by order of the Commission (include copy of letter) | <input type="checkbox"/> | 4580 |

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual (See below for code)	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (Yes or No)	
31	4600	4601	4602	4603	4604	4605
32	4610	4611	4612	4613	4614	4615
33	4620	4621	4622	4623	4624	4625
34	4630	4631	4632	4633	4634	4635
35	4640	4641	4642	4643	4644	4645
Total \$ ³⁶						4699

OMIT PENNIES

Instructions: Detail Listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and anticipated accruals which would cause a reduction of Net Capital. These anticipated accruals would include amounts of bonuses, partners' drawing accounts, taxes, and interest on capital, voluntary contributions to pension or profit sharing plans, etc., which have not been deducted in the computation of Net Capital, but which you anticipate will be paid within the next six months.

WITHDRAWAL CODE:	DESCRIPTIONS
1.	Equity Capital
2.	Subordinated Liabilities
3.	Accruals

Jack F. Gamel, P.C.

Certified Public Accountants

Jack F. Gamel, C.P.A.
Lee Renee Smithers, C.P.A.

8218 Duralee Lane
Douglasville, Ga. 30134
770-949-5150
770-949-5855 (Fax)

COMMONWEALTH CHURCH FINANCE, INC.
COMPUTATION OF NET CAPITAL
AS OF JUNE 30, 2005
Schedule to Form X-17A, Part III, Page 2(g)

Shareholder's Equity	\$ 223,402
Less:	
Net equipment	14,760
Accounts receivable	46,957
Other assets	<u>2,791</u>
	<u>64,508</u>
Net capital	158,894
Required capital	<u>15,178</u>
Excess net capital	<u>\$ 143,716</u>


Jack F. Gamel, CPA, P.C.

August 18, 2005

Jack F. Gamel, P.C.

Certified Public Accountants

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Lee Renee Smither, C.P.A.

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Douglasville, Ga. 30134
770-949-5150
770-949-5855 (Fax)

COMMONWEALTH CHURCH FINANCE, INC.
NON-ALLOWABLE ASSETS FOR NET CAPITAL COMPUTATION
AS OF JUNE 30, 2005

Pursuant to Rule 17a-d(d) I offer the following list of non-allowable assets:

Cash on hand and deposits		\$ 2,791
Accrued income		46,957
Furniture and equipment	87,510	
Less: Accumulated depreciation	<u>72,750</u>	<u>14,760</u>
Total non-allowable assets		<u>\$ 64,508</u>


Jack F. Gamel, CPA, P.C.

August 18, 2005

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770-949-5855 (Fax)

COMMONWEALTH CHURCH FINANCE, INC.
RECONCILIATION OF AUDITED NET CAPITAL AND
BROKER/DEALER UNAUDITED NET CAPITAL
AS OF JUNE 30, 2005

Net capital, audited	\$ 158,894
Plus: Accrued income taxes	5,108
Less: Prepaid income taxes	<u>(2,788)</u>
Net capital, unaudited	<u>\$ 161,214</u>

Pursuant to the Securities and Exchange Commission Rule 17a-5(d)(1) I state the following:

The difference found to have existed between the audited computation of net capital and the broker/dealer's corresponding unaudited part IIA was due to an adjustment to accrued income tax expenses for the current tax year and to reclassify the prepaid income taxes from a non-allowable asset to net against the income taxes payable.


Jack F. Gamel, CPA, P.C.

August 18, 2005

Jack F. Gamel, P.C.

Certified Public Accountants

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COMMONWEALTH CHURCH FINANCE, INC. MATERIAL INADEQUACIES AS OF JUNE 30, 2005

Pursuant to section 17 of the Securities Exchange Act of 1934
and Rule 17a-5, Part III, Page 2(n):

Total assets, audited	\$ 450,952
Prepaid income taxes	<u>2,788</u>
Total assets, unaudited	<u>\$ 453,740</u>
Ending ownership equity, audited	\$ 223,402
Plus: Income taxes payable	<u>5,108</u>
Ending ownership equity, unaudited	<u>\$ 228,510</u>


Jack F. Gamel, CPA, P.C.

August 18, 2005

Jack F. Gamel, P.C.

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Lee Renée Smither, C.P.A.

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Douglasville, Ga. 30134
770-949-5150
770-949-5855 (Fax)

The Stockholders and Board of Directors
Commonwealth Church Finance, Inc.
677 Jonesboro Road
McDonough, Georgia 30253

In planning and performing our audit of the financial statements of Commonwealth Church Finance, Inc. for the year ended June 30, 2005, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g) (I) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including test of compliance with such practices and procedures) followed by Commonwealth Church Finance, Inc. that we consider relevant to the objectives stated in Rule 17a-3(II). We did not review the practices and procedures followed by the company in making quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Sec. 8 of Regulation R of the Board of Governors of the Federal Reserve System, because the company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute assurance that assets for which the company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit

preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the proceeding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our considerations of the internal control structure would not necessarily disclose matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. No facts came to our attention which would indicate the company was not in compliance with its type k(2) (i) exemption from the requirements of SEC Rule 15c3-3. However, it should be noted that our examination was not directed toward obtaining knowledge of such noncompliance.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purpose in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the company's practices and procedures were adequate at June 30, 2005, to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934, and should not be used for any other purpose.


Jack F. Gamel, CPA P.C.

August 18, 2005
