

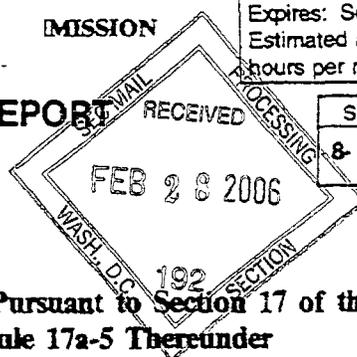


SECUR 06003364 MISSION

OMB APPROVAL
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3/13

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



SEC FILE NUMBER
& 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 01/01/05 AND ENDING 12/31/05
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
(City)

Illinois
(State)

62563
(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
(Address)

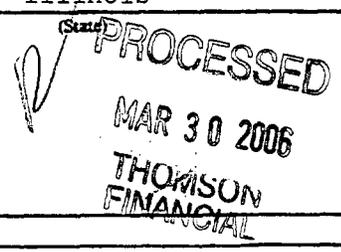
Springfield
(City)

Illinois
(State)

62704
(Zip Code)

CHECK ONE:

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



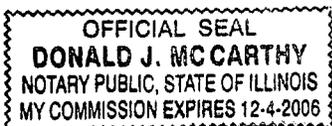
FOR OFFICIAL USE ONLY

*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)

BB
3/13

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, 2005, 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
AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2005

Oak Grove Investment Services, Inc.

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Estes, Bridgewater & Ogden

CERTIFIED PUBLIC ACCOUNTANTS

901 South Second Street
Springfield, Illinois 62704
217/528-8473
Fax 217/528-8506

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

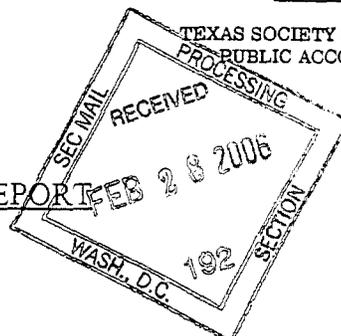
ILLINOIS CPA SOCIETY

TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

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

MICHAEL A. FAFOGLIA, C.P.A.
LORI K. MILOSEVICH, C.P.A.
VALERIE R. AUSMUS, C.P.A.
JAQUELIN R. LEONHARD
MICHELLE L. DEFREITAS
CATHY A. GRAVES

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, 2005 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, 2005 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 20, 2006

Oak Grove Investment Services, Inc.
STATEMENT OF FINANCIAL CONDITION
 December 31, 2005

Statement 1

<u>Assets</u>	
CURRENT ASSETS	
Cash & cash equivalents	\$57,945
Investment.....	6,000
Accounts receivable	8,485
Prepaid income taxes	<u>6,751</u>
Total current assets	<u>79,181</u>
PROPERTY & EQUIPMENT – less accumulated depreciation of \$3,214	<u>0</u>
TOTAL ASSETS	<u>\$79,181</u>
<u>Liabilities and Stockholders' Equity</u>	
CURRENT LIABILITIES	
Accounts payable	\$ 6,958
Total current liabilities	<u>6,958</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>59,173</u>
Total stockholders' equity.....	<u>72,223</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$79,181</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, 2005

Statement 2

Balance Beginning of Year	\$56,445
Net income for the year.....	15,778
Dividends paid	0
Additional paid in capital.....	<u>0</u>
Balance End of Year	<u>\$72,223</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, 2005

Statement 3

REVENUE

Commission income.....	\$436,583
Registration & license.....	11,192
Interest income.....	<u>90</u>
 Total revenue	 <u>447,865</u>

EXPENSES

Legal & accounting.....	2,315
Bank charges.....	622
Bonus	1,500
Commissions.....	325,921
Licensing.....	23,140
Contract labor.....	32,299
Office supplies	512
Postage	639
Miscellaneous	121
Speaker & meeting expenses	675
Telephone.....	684
Insurance	307
Storage	5,105
Internet	800
Management fee.....	32,000
Depreciation.....	402
Equipment repairs	518
Rent	200
Travel.....	<u>78</u>
 Total expenses.....	 427,838

NET INCOME BEFORE INCOME TAXES.....	20,027
Federal & State Income Taxes.....	(4,249)
 NET INCOME FOR THE YEAR.....	 <u>\$ 15,778</u>

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, 2005

Statement 4

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$15,778
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	402
Decrease in accounts receivable	20,051
(Increase) in prepaid income taxes	(6,751)
(Decrease) in accounts payable.....	(16,442)
(Decrease) in income taxes payable.....	(<u>12,141</u>)
Net cash provided by operating activities.....	897

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment.....	(402)
----------------------------	--------

INCREASE IN CASH AND CASH EQUIVALENTS **495**

CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR **57,450**

CASH AND CASH EQUIVALENTS – END OF YEAR **\$57,945**

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, 2005

Statement 5

Allowable assets.....	\$79,181
Un-allowable assets	<u>0</u>
Total allowable assets	79,181
Total liabilities	(<u>6,958</u>)
Net capital per audit report accrual basis.....	72,223
Adjust to cash basis	
Less: Account receivable	(8,485)
Plus: Accounts payable	<u>6,958</u>
Net capital per client cash basis December 31, 2005 Focus Report	<u>\$70,696</u>

Oak Grove Investment Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2005

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, 2006. The rate of interest is 3%.

NOTE 3 – INCOME TAXES

Income taxes payable consist of the following at December 31, 2005:

Federal	\$ 2,786
State	<u>1,463</u>
Total	4,249
Less: Federal and state estimates	(<u>11,000</u>)
Balance payable/(overpayment)	(\$ <u>6,751</u>)

NOTE 4 – MANAGEMENT FEE

The Company pays a management fee to Acorn Service Group, Inc. For the year ended December 31, 2005 the company paid \$32,000 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.