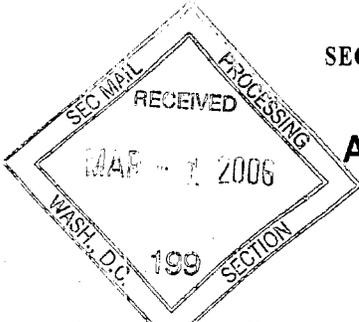


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**ANNUAL AUDITED REPORT  
 FORM X-17A-5  
 PART III**

**SEC FILE NUMBER**  
 8-52936

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:

First MidAmerica Investment Corporation

**OFFICIAL USE ONLY**  
 FIRM I.D. NO.

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

3916 Sherman Avenue

(No. and Street)

St. Joseph,

(City)

Missouri

(State)

64506-3648

(Zip Code)

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

Douglas Hemke

(816) 387-4400

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Clifton Gunderson LLP

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

2301 Village Drive

(Address)

St. Joseph,

(City)

Missouri

(State)

64506

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions

PROCESSED  
 MAY 25 2006  
 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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OATH OR AFFIRMATION

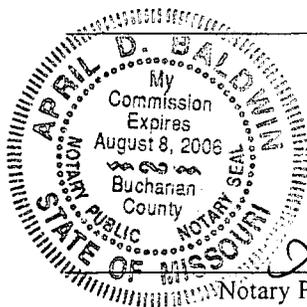
I, Douglas Hemke, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of First MidAmerica Investment Corporation, as of December 31, 20 05, are true and correct. I further swear (or affirm) that neither the 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:

None

[Handwritten Signature]
Signature

President

Title



[Handwritten Signature: April D. Baldwin]
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 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).

## TABLE OF CONTENTS

|  | PAGE |
|--|------|
| <b>INDEPENDENT AUDITOR'S REPORT</b> .....  | 1    |
| <b>FINANCIAL STATEMENTS</b>  |      |
| Statements of Financial Condition.....   | 2    |
| Statements of Income.....  | 4    |
| Statements of Stockholders' Equity.....  | 5    |
| Statements of Cash Flows.....  | 6    |
| Summary of Significant Accounting Policies.....  | 7    |
| Notes to Financial Statements.....   | 9    |
| <b>SUPPLEMENTAL INFORMATION</b> .....  | 14   |
| Computation of Net Capital Under Rule 15c3-1 of the Security and Exchange<br>Commission.....   | 15   |
| Computations for Determination of the Reserve Requirements and Information<br>Relating to Possession or Control Requirements for Brokers and Dealers<br>Pursuant to Rule 15c3-3..... | 16   |
| <b>REPORT ON INTERNAL CONTROL</b> .....  | 17   |
| Independent Auditor's Report on Internal Control Required by SEC Rule 17a-5.....   | 18   |

## Independent Auditor's Report

Board of Directors  
First MidAmerica Investment Corporation  
St. Joseph, Missouri

We have audited the accompanying statements of financial condition of First MidAmerica Investment Corporation as of December 31, 2005 and 2004, and the related statements of income, stockholders' equity, and cash flows for the twelve months ended December 31, 2005 and the thirteen months ended December 31, 2004 that you are filing pursuant to rule 17a-5 under the Securities and Exchange Act of 1934. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First MidAmerica Investment Corporation as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the twelve months ended December 31, 2005 and the thirteen months ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Clifton Gunderson LLP*

St. Joseph, Missouri  
February 20, 2006



## LIABILITIES AND STOCKHOLDERS' EQUITY

|  | 2005       | 2004       |
|--|------------|------------|
| <b>CURRENT LIABILITIES</b>                                       |            |            |
| Accounts payable:  |            |            |
| Trade  | \$ 9,092   | \$ --      |
| Officer  | 2,761      | --         |
| Accrued commissions and payroll                                  | 251,591    | 98,104     |
| Short-term line-of-credit  | 59,633     | --         |
| Current obligations under capital leases                         | 35,348     | 9,441      |
| Current portion of long-term debt                                | 13,043     | --         |
| Total current liabilities  | 371,468    | 107,545    |
| <b>LONG-TERM LIABILITIES</b>                                     |            |            |
| Long-term debt - less current maturities above                   | 44,813     | --         |
| Obligations under capital leases - less current maturities above | 47,468     | 8,524      |
| Total long-term liabilities                                      | 92,281     | 8,524      |
| <b>TOTAL LIABILITIES</b>   | 463,749    | 116,069    |
| <b>STOCKHOLDERS' EQUITY</b>                                      |            |            |
| Common stock   | 28,085     | 15,000     |
| Additional paid-in capital                                       | 546,745    | 95,080     |
| Retained earnings (deficit)                                      | (303,691)  | 60,175     |
| Total stockholders' equity                                       | 271,139    | 170,255    |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>                | \$ 734,888 | \$ 286,324 |

These financial statements should be read only in connection  
with the accompanying summary of significant accounting policies  
and notes to financial statements.

**FIRST MIDAMERICA INVESTMENT CORPORATION**  
**STATEMENTS OF INCOME**  
**For the Twelve Months Ended December 31, 2005**  
**and the Thirteen Months Ended December 31, 2004**

|                                  | <u>2005</u>         | <u>2004</u>        |
|----------------------------------|---------------------|--------------------|
| <b>REVENUES</b>                  |                     |                    |
| Commissions                      | \$3,066,444         | \$1,470,002        |
| Dividends                        | --                  | 90                 |
| Interest                         | 1,235               | 266                |
| Net realized loss on securities  | --                  | (25)               |
| Other income                     | <u>7,356</u>        | <u>1,437</u>       |
| Total revenues                   | <u>3,075,035</u>    | <u>1,471,770</u>   |
| <b>OPERATING EXPENSES</b>        |                     |                    |
| Compensation of officers         | 12,836              | 105,500            |
| Employee costs                   | 2,422,724           | 918,396            |
| Occupancy                        | 377,210             | 191,472            |
| Regulation                       | 81,318              | 47,058             |
| Professional and consulting fees | 161,087             | 105,153            |
| Office administration            | 86,907              | 19,800             |
| Insurance                        | 135,013             | 38,000             |
| Advertising and promotion        | 10,784              | 38,000             |
| Depreciation                     | 31,083              | 22,127             |
| Travel and entertainment         | 92,619              | 51,201             |
| Miscellaneous expenses           | 4,810               | 9,130              |
| Interest                         | <u>22,510</u>       | <u>1,608</u>       |
| Total operating expenses         | <u>3,438,901</u>    | <u>1,515,185</u>   |
| <b>NET LOSS</b>                  | <u>\$ (363,866)</u> | <u>\$ (43,415)</u> |

These financial statements should be read only in connection  
with the accompanying summary of significant accounting policies  
and notes to financial statements.

**FIRST MIDAMERICA INVESTMENT CORPORATION**  
**STATEMENTS OF STOCKHOLDER'S EQUITY**  
For the Twelve Months Ended December 31, 2005  
and the Thirteen Months Ended December 31, 2004

|  | Common<br>Stock  | Additional<br>Paid-In<br>Capital | Retained<br>Earnings<br>(Deficit) | Total             |
|--|------------------|----------------------------------|-----------------------------------|-------------------|
| <b>BALANCES, NOVEMBER 30, 2003</b>       | 15,000           | 55,080                           | 108,590                           | 178,670           |
| Capital contribution                     | --               | 40,000                           | --                                | 40,000            |
| Distribution from Sub-Chapter S earnings | --               | --                               | (5,000)                           | (5,000)           |
| 2004 net loss                            | --               | --                               | (43,415)                          | (43,415)          |
| <b>BALANCES, DECEMBER 31, 2004</b>       | 15,000           | 95,080                           | 60,175                            | 170,255           |
| Capital contribution                     | --               | 135,000                          | --                                | 135,000           |
| Sale of 11,385 shares                    | 11,835           | 316,665                          | --                                | 328,500           |
| Gift of 1,250 shares                     | 1,250            | --                               | --                                | 1,250             |
| 2005 net loss                            | --               | --                               | (363,866)                         | (363,866)         |
| <b>BALANCES, DECEMBER 31, 2005</b>       | <u>\$ 28,085</u> | <u>\$ 546,745</u>                | <u>\$ (303,691)</u>               | <u>\$ 271,139</u> |

Common stock carries a \$1 per share par value, with 30,000 shares authorized and 28,085 shares issued and outstanding at December 31, 2005 and 15,000 shares issued and outstanding at December 31, 2004. All shares of common stock are issued pursuant to a restrictive shareholders agreement that limits, amongst other provisions, the transferability of the shares and guarantees the Company, or at its election other shareholders, the ability to repurchase the shares at an annually agreed-upon value. That value at December 31, 2005 is \$1 per share.

These financial statements should be read only in connection  
with the accompanying summary of significant accounting policies  
and notes to financial statements.

**FIRST MIDAMERICA INVESTMENT CORPORATION  
STATEMENTS OF CASH FLOWS**

**For the Twelve Months Ended December 31, 2005  
and the Thirteen Months Ended December 31, 2004**

|   | <u>2005</u>       | <u>2004</u>     |
|---|-------------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                   |                 |
| Net loss  | \$ (363,866)      | \$ (43,415)     |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: |                   |                 |
| Depreciation  | 31,083            | 22,127          |
| Net realized loss on securities   | --                | 25              |
| Effect of changes in operating assets and liabilities:                                    |                   |                 |
| Restricted deposits with clearing organization  | (24,988)          | (1,012)         |
| Receivable from clearing organization   | 14,477            | (9,467)         |
| Receivable from outside vendors   | (102,392)         | --              |
| Receivable from officer   | 5,776             | --              |
| Prepaid expenses  | (62,659)          | 16,727          |
| Income tax deposit  | 5,481             | 7,321           |
| Other assets  | 6,375             | (6,375)         |
| Accounts payable - trade  | 9,092             | (597)           |
| Accounts payable - officer  | 2,761             | --              |
| Accrued commissions and payroll   | <u>153,487</u>    | <u>98,104</u>   |
| Net cash provided by (used in) operating activities                                       | <u>(325,373)</u>  | <u>83,438</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                   |                 |
| Purchase of property and equipment  | (21,667)          | (22,993)        |
| Proceeds from sale of securities  | <u>--</u>         | <u>7,075</u>    |
| Net cash used in investing activities   | <u>(21,667)</u>   | <u>(15,918)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                   |                 |
| Distribution from Sub-Chapter S earnings  | --                | (5,000)         |
| Proceeds from long-term debt  | 50,150            | --              |
| Principal payments on long-term debt  | (5,944)           | (123,042)       |
| Proceeds from line-of-credit  | 65,660            | --              |
| Principal payments on line-of-credit  | (6,027)           | --              |
| Principal payments on capital lease obligations   | (23,240)          | (3,614)         |
| Proceeds from additional paid-in capital  | 451,665           | 40,000          |
| Proceeds from sale of shares  | <u>11,835</u>     | <u>--</u>       |
| Net cash provided by (used in) financing activities                                       | <u>544,099</u>    | <u>(91,656)</u> |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                               | 197,059           | (24,136)        |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>                                       | <u>1,601</u>      | <u>25,737</u>   |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>   | <u>\$ 198,660</u> | <u>\$ 1,601</u> |

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**FIRST MIDAMERICA INVESTMENT CORPORATION**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**December 31, 2005 and 2004**

First MidAmerica Investment Corporation was formed on January 20, 1999 in the state of Missouri and operates as an originating broker registered with the Securities and Exchange Commission (SEC) and a member of the National Association of Securities Dealers, Inc. (NASD), the Municipal Securities Rulemaking Board (MSRB), the Securities Industry Association (SIA), and the Securities Investor Protection Corporation (SIPC). The Company was capitalized in 2000, however its registrations were finalized and brokerage operations began in March 2001. The Company utilizes a single clearing broker to transact all market activity. This clearing broker is responsible for the flow of all customer funds and securities. The Company receives a commission from the clearing broker for originating these transactions. The Company's customers are primarily higher income individuals located within the Midwestern, Eastern, Southern and Southwestern regions of the United States.

The Company opened branch offices in December 2002 in Milwaukee, Wisconsin; in April 2003 in Vernon Hills, Illinois; in August 2004 in St. Louis Park, Minnesota; in January 2005 in Austin, Texas; in August 2005 in Framingham, Massachusetts; in October 2005 in Houston, Texas; and in December 2005 in Las Vegas, Nevada.

#### **USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **CASH EQUIVALENTS**

For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than ninety days that are not restricted in use or held for sale in the ordinary course of business.

#### **SECURITIES**

Marketable securities are stated at market value, with the unrealized gain or loss reflected as a component of operating income.

#### **PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost, with depreciation calculated using the straight-line method over the assets' estimated useful lives, which range from 5 to 10 years.

#### **INCOME TAXES**

The Company, with the approval of its stockholders, has elected Sub-Chapter S treatment for income tax purposes. The effect of this election is that all tax liabilities and benefits related to the Company pass directly through to the stockholders' income tax returns. Accordingly, the Company has no income tax provision or liability. The Company was required to maintain a federal tax deposit to compensate for its election of a fiscal, rather than a calendar, year end. This deposit balance was adjusted annually, and reflected as an asset of the Company. The Company, during the thirteen months ended December 31, 2004, elected to return to a calendar year end. Accordingly, the federal tax deposit is no longer required.

**FIRST MIDAMERICA INVESTMENT CORPORATION**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**December 31, 2005 and 2004**

**REVENUE RECOGNITION**

The Company recognizes commission revenues earned from transactions executed on behalf of its customers at the trade date. Similarly, the Company's liability to its employee brokers for commissions payable related to those trades are recognized concurrent with the recognition of revenue from the trades.

Commissions due from insurance companies for the placement of insurance policies are recognized as of the date on which (a) the client is afforded protection under the policy, (b) the premium due under the policy can be reasonably estimated, and (c) the premium is billable to the client. A liability to the Company's employee agents for commissions payable related to those policies is recognized concurrent with the recognition of revenue from the policies.

This information is an integral part of the accompanying financial statements.

**FIRST MIDAMERICA INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2005 and 2004**

**NOTE 1 - RESTRICTED DEPOSITS WITH CLEARING ORGANIZATION**

The Company has executed a Correspondent Clearing Agreement with a clearing broker requiring the Company to maintain a security deposit with the broker as partial security for the Company's due performance of its duties, responsibilities, and liabilities under the agreement. This account totaled \$50,000 at December 31, 2005 and \$25,012 at December 31, 2004.

**NOTE 2 - RECEIVABLE FROM CLEARING ORGANIZATION**

Balances that are due from the clearing organization represent commissions due to the Company for transactions originated through the clearing organization. These balances are not collateralized, but are received by wire transfer in the following month in accordance with regulations.

**NOTE 3 - NET CAPITAL**

The Company is subject to the SEC's Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital. At December 31, 2005 and 2004 the Company had net capital of \$56,590 and \$67,745, respectively, and was required to have \$50,000.

**NOTE 4 - LEASE COMMITMENTS**

The Company leases office space under operating leases expiring in various years through 2011. The leases contain renewal options for periods from zero to five years at their fair rental value at the time of renewal. Future minimum lease payments under these leases are as follows:

|            |                    |
|------------|--------------------|
| 2006       | \$ 474,689         |
| 2007       | 469,768            |
| 2008       | 447,457            |
| 2009       | 407,486            |
| 2010       | 216,695            |
| Thereafter | <u>11,375</u>      |
| Total      | <u>\$2,027,470</u> |

Minimum lease payments exclude rentals under renewal options which, as of December 31, 2005, are not reasonably assured of being exercised.

Total rental expense for the periods ended December 31, 2005 and 2004 was \$320,373 and \$163,868, respectively.

**FIRST MIDAMERICA INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2005 and 2004**

**NOTE 5 - RELATED PARTY TRANSACTIONS**

The Company paid its majority stockholder rent payments for the use of additional office space in the stockholder's home of \$27,000 in 2005 and \$21,500 in 2004. Mileage reimbursements for mileage driven by the stockholder of \$6,000 and \$8,338 were made in 2005 and 2004, respectively. Both of these agreements are discretionary.

The Company and its majority stockholder had joint title to a vehicle purchased in December 2003 and both were contingently liable for the debt payments on the vehicle. The vehicle was carried as an asset of the stockholder and the debt was a liability of the stockholder. The vehicle was sold during 2005.

**NOTE 6 - OBLIGATIONS UNDER CAPITAL LEASES**

The Company leases furniture, computers, copiers, and telephone equipment under capital leases expiring in various years through 2010. The assets and liabilities under capital leases are recorded at the value of the minimum lease payments. The assets are depreciated over their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense. Depreciation on assets under capital leases charged to expense in 2005 and 2004 was \$10,425 and \$1,952, respectively. Interest rates on capitalized leases vary from 8% to 22%. Following is a summary of property held under capital leases:

|                                |                   |
|--------------------------------|-------------------|
| Furniture                      | \$ 83,959         |
| Telephone equipment            | 7,288             |
| Computers                      | 24,207            |
| Copiers                        | <u>2,432</u>      |
|                                | 117,886           |
| Less: Accumulated depreciation | <u>(12,377)</u>   |
|                                | <u>\$ 105,509</u> |

Minimum future lease payments under capital leases as of December 31, 2005 for each of the next five years are:

|   |                  |
|---|------------------|
| 2006  | \$ 45,288        |
| 2007  | 41,527           |
| 2008  | 12,784           |
| 2009  | 931              |
| 2010  | <u>699</u>       |
| Total minimum lease payments                | 101,229          |
| Less: Amount representing interest          | <u>(18,413)</u>  |
| Present value of net minimum lease payments | <u>\$ 82,816</u> |

**FIRST MIDAMERICA INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2005 and 2004**

**NOTE 7 - SHORT-TERM LINE-OF-CREDIT**

|  | <b>2005</b> | <b>2004</b> |
|--|-------------|-------------|
| \$51,500 line-of-credit payable to MBNA America Bank, with \$50,660 drawn as of December 31, 2005. Interest is accrued at 10.74%. The loan is unsecured and does not have a maturity date. | \$ 50,660   | \$ --       |
| \$15,000 line-of-credit payable to US Bank, with \$8,973 drawn as of December 31, 2005. Interest is accrued at 20.2%. The loan is unsecured and does not have a maturity date.             | 8,973       | --          |
| \$10,000 line-of-credit payable to Bank of America, with \$-0- drawn as of December 31, 2005. No interest has been accrued and all amounts are due November 2007. The loan is unsecured.   | --          | --          |
| Total short-term line-of-credit  | \$ 59,633   | \$ --       |

**NOTE 8 - LONG-TERM DEBT**

Long-term debt consists of the following:

|  | <b>2005</b> | <b>2004</b> |
|--|-------------|-------------|
| Note payable to Capital One, requiring monthly payments of \$785, including variable interest (8.25% at December 31, 2005) with final payment due January 2012. Secured through a guarantee from the U.S. Small Business Administration. | \$ 45,182   | \$ --       |
| Note payable to Cananwell, Inc., requiring monthly payments of \$5,484, including interest at 8.95%, with final payment due January 2006. Secured by the personal guarantee of the Company's majority shareholder.                       | 5,434       | --          |
| Note payable to CIT Bank, requiring monthly payments of \$61, including interest at 23.5%, with final payment due May 2009. Secured by computer equipment and the personal guarantee of the Company's majority shareholder.              | 1,613       | --          |
| Note payable to CIT Bank, requiring monthly payments of \$223, including interest at 22.5%, with final payment due January 2009. Secured by computer equipment and the personal guarantee of the Company's majority shareholder.         | 5,627       | --          |
| Total  | 57,856      | --          |
| Less current portion   | 13,043      | --          |
| Long-term portion  | \$ 44,813   | \$ --       |

**FIRST MIDAMERICA INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2005 and 2004**

**NOTE 8 - LONG-TERM DEBT (CONTINUED)**

Future maturities of long-term debt are as follows:

|            |                  |
|------------|------------------|
| 2006       | \$ 13,043        |
| 2007       | 8,622            |
| 2008       | 9,830            |
| 2009       | 8,079            |
| 2010       | 8,225            |
| Thereafter | <u>10,057</u>    |
| Total      | <u>\$ 57,856</u> |

**NOTE 9 - CASH FLOWS DISCLOSURES**

Cash paid for interest was as follows:

|          | <u>2005</u> | <u>2004</u> |
|----------|-------------|-------------|
| Interest | \$ 21,590   | \$ 1,608    |

The Company had the following noncash investing and financing transactions:

During 2005, the Company entered into ten capital leases for which furniture, telephone equipment, and computer equipment were capitalized at a cost of \$88,091.

During 2005, the Company entered into two direct financing loans for which computer equipment was purchased at a cost of \$8,216.

During 2005, the Company entered into a direct financing loan for which insurance was purchased at a cost of \$62,700.

During 2005, the Company gave 1,250 shares to employees. The shares were valued at \$1.00 per share.

**NOTE 10 - BENEFIT PLAN**

On January 1, 2004, the Company adopted a 401(k) retirement plan for any employee with the Company. Employees may contribute up to 100% of their pay on a pre-tax basis, with a cap of \$14,000 in 2005 and \$13,000 in 2004. The Company is allowed to make a discretionary contribution to the plan. The Company made no contributions to the plan during either 2005 or 2004.

**FIRST MIDAMERICA INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2005 and 2004**

**NOTE 11 - STOCK OPTIONS**

One of the Company's stockholders has the option to purchase an additional 800 shares of stock at an amount equal to 80% of the option purchase price. The option purchase price is calculated by multiplying annual revenues of the Company times 1.2 and then dividing by the sum of the 800 shares plus the number of issued and outstanding shares immediately prior to the issuance of the option shares. The option expires on December 15, 2010. At December 31, 2005, the option purchase price is \$127 per share and the stockholder may purchase 800 shares at \$102 per share.

**NOTE 12 - RECLASSIFICATIONS**

Certain reclassifications of prior year's amounts have been made to conform to the presentation adopted for 2005. These reclassifications had no effect on previously reported earnings or retained earnings.

This information is an integral part of the accompanying financial statements.

**SUPPLEMENTAL INFORMATION**

**FIRST MIDAMERICA INVESTMENT CORPORATION**  
**COMPUTATION OF NET CAPITAL**  
**UNDER RULE 15c3-1 OF THE SECURITY AND EXCHANGE COMMISSION**  
**December 31, 2005**

|   |                 |
|---|-----------------|
| Credits   |                 |
| Stockholders' equity                                | \$ 271,139      |
| Debits  |                 |
| Non-allowable assets                                | <u>213,549</u>  |
| Net capital before haircuts on securities positions | 57,590          |
| Haircuts on securities positions                    | <u>1,000</u>    |
| Net capital   | 56,590          |
| Minimum net capital requirement                     | <u>50,000</u>   |
| Excess (deficit) net capital                        | <u>\$ 6,590</u> |

Differences existing between the above computations for 2005 and the computations included in the Company's corresponding unaudited Form X-17A-5 Part IIA filing include:

|  |                  |
|--|------------------|
| Net capital - per unaudited Form X-17A-5 Part IIA filing | \$ 137,011       |
| Adjustments resulting from audit:                        |                  |
| Increase in payroll accrual                              | (103,591)        |
| Decrease in accrued liabilities                          | 35,709           |
| Increase in commissions receivable                       | 22,651           |
| Increase in notes payable                                | (24,495)         |
| Increase in accounts payable due to officer              | (2,761)          |
| Increase in lease obligations                            | (19,625)         |
| Decrease in restricted cash                              | (1,776)          |
| Allowable asset adjustments                              | 13,432           |
| Miscellaneous  | <u>35</u>        |
| Net capital - per above                                  | <u>\$ 56,590</u> |

**FIRST MIDAMERICA INVESTMENT CORPORATION  
COMPUTATIONS FOR DETERMINATION OF THE RESERVE REQUIREMENTS  
AND INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS  
FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-3  
For the Twelve Months Ended December 31, 2005**

The Company does not effect transactions for anyone defined as a customer under Rule 15c3-3 and is exempt under paragraph (k)(2)(ii). Accordingly, there are no items to report under the requirements of this rule.

**REPORT ON INTERNAL CONTROL**

***INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
CONTROL REQUIRED BY SEC RULE 17a-5***

Board of Directors  
First MidAmerica Investment Corporation

In planning and performing our audit of the financial statements of First MidAmerica Investment Corporation for the year ended December 31, 2005, we considered its internal control, including control activities 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 internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System
3. Obtaining and maintaining and physical possession or control of all fully paid and excess Margin Securities of customers as required by Rule 15c3-3

The management of the Company is responsible for establishing and maintaining internal control 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 controls 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 SEC's above-mentioned objectives. Two of the objectives of internal control 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 the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud 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 consideration of internal control would not necessarily disclose matters in internal control 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 components does not reduce to a relatively low level the risk that error or fraud 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. However, we noted the following matters involving the control environment and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the Company, for the twelve months ended December 31, 2005, and this report does not affect our report thereon dated February 20, 2006.

*The Company has not established appropriate controls over month-end cutoff procedures to ensure accurate recording of month-end payroll accruals, month-end commission receivable, and resulting payroll expense and commission income. The Company has not established appropriate controls over capitalization of fixed assets and capital leases. Absent controls over these items, an undetected material misstatement of the Company's financial statements occurred and was corrected in December 2005. In addition, undetected material misstatements may have occurred in quarterly submissions to the NASD during the twelve months ended December 31, 2005, and has the potential to occur in any future month.*

We noted other matters involving the internal control over financial reporting that we have reported to the management of First MidAmerica Investment Corporation in a separate letter dated February 20 2006.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes 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 December 31, 2005, to meet the SEC's objectives, except for the material weakness noted above.

This report is intended solely for the information and use of the Board of Directors, management, the Securities and Exchange Commission, National Association of Securities Dealers, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Clifton Gunderson LLP*

Clifton Gunderson LLP  
St. Joseph, Missouri  
February 20, 2006