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

SEC FILE NUMBER
8- 27/23

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 01/01/2005 AND ENDING 12/31/2005
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: HAROLD H. OSHIMA, d/b/a
Oshima & Associates

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

21 Merchants Row

(No. and Street)

Boston

MA

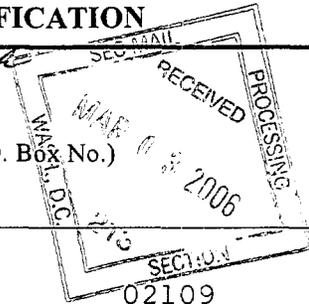
02109

(City)

(State)

(Zip Code)

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FIRM I.D. NO.



NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Harold H. Oshima (617) 523-1527

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

David Merfeld LLC

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

21 Merchants Row

Boston

MA

02109

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED
JUN 14 2006
THOMSON
FINANCIAL

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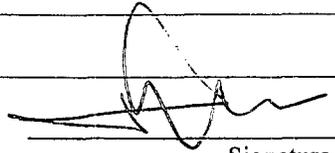
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Harold H. Oshima, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Oshima & Associates, as of December 31, 2006, 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

Proprietor

Title


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 15c3-1 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).

OSHIMA & ASSOCIATES (A PROPRIETORSHIP)

FINANCIAL STATEMENTS

DECEMBER 31, 2005

Together with Independent Auditor's Report

DAVID MERFELD LLC

OSHIMA & ASSOCIATES (A PROPRIETORSHIP)

FINANCIAL STATEMENTS

DECEMBER 31, 2005

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DAVID MERFELD LLC
CERTIFIED PUBLIC ACCOUNTANT

21 MERCHANTS ROW
BOSTON, MA 02109
617-248-1901
FAX 617-248-1902
David@Merfeldcpa.com

Independent Auditor's Report

Harold Oshima
Oshima & Associates (a proprietorship)
Boston, Massachusetts

I have audited the accompanying statement of financial condition of Oshima & Associates (a proprietorship, the "Company") as of December 31, 2005 and the related statements of income, of changes in equity, and of cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards. Those standards require that I 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 used by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for our opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oshima & Associates (a proprietorship) at December 31, 2005, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

David Merfeld LLC

Boston, Massachusetts
February 16, 2006

OSHIMA & ASSOCIATES (A PROPRIETORSHIP)

STATEMENT OF FINANCIAL CONDITION

December 31, 2005

See Auditor's Report

ASSETS

Current assets

Cash	\$	1,439
Accounts receivable		<u>8,539</u>
Total current assets		<u>9,978</u>

Other assets

Computers, net of depreciation of \$336		3,022
Marketable securities available-for-sale		11,843
Deposit with correspondent broker		
Cash		582
Marketable securities available-for-sale		<u>2,052</u>
Total other assets		<u>17,499</u>
Total assets	\$	<u><u>27,477</u></u>

LIABILITIES AND EQUITY

Current liabilities

Accrued expenses	\$	<u>5,253</u>
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Equity

Owner's capital		30,020
Cumulative other comprehensive income		<u>-7,796</u>
Total equity		<u>22,224</u>
Total liabilities and equity	\$	<u><u>27,477</u></u>

See notes to financial statements

OSHIMA & ASSOCIATES (A PROPRIETORSHIP)

STATEMENT OF INCOME

For the Year Ended December 31, 2005

See Auditor's Report

Revenues	
Commissions	\$ 65,469
Investment income	491
	<hr/>
Total revenues	65,960
	<hr/>
Expenses	
Travel	1,127
Rent	6,216
Dues and subscriptions	349
Insurance	1,216
Licences and permits	1,113
Office supplies	1,676
Delivery and postage	923
Professional fees	2,668
Telephone	2,391
Bank charges	307
Depreciation	336
Contributions	200
	<hr/>
Total expenses	18,522
	<hr/>
Net income	\$ 47,438

See notes to financial statements

OSHIMA & ASSOCIATES (A PROPRIETORSHIP)

STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31, 2005

See Auditor's Report

	Owner's Capital	Cumulative Other Comprehensive Income	Total Equity
Balance, January 1, 2005	\$ 30,209	\$ -4,346	\$ 25,863
2004 transactions			
Net income	47,438		47,438
Other comprehensive income			
Unrealized holding loss		-3,450	-3,450
Distributions to owner	<u>-47,627</u>		<u>-47,627</u>
Balance, December 31, 2005	<u>\$ 30,020</u>	<u>\$ -7,796</u>	<u>\$ 22,224</u>

See notes to financial statements

OSHIMA & ASSOCIATES (A PROPRIETORSHIP)

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2005

See Auditor's Report

Cash flows from operating activities	
Commission revenue received	\$ 60,899
Operating expenses paid	-14,850
Investment income received	<u>2</u>
Net cash flows from operating activities	46,051
Cash flows from investing activities	
Computers purchased	-1,838
Cash flows from financing activities	
Dividends paid	<u>-47,627</u>
Cash flows	-3,414
Cash, beginning of year	<u>4,853</u>
Cash, end of year	<u><u>\$ 1,439</u></u>
Reconciliation of net income to cash flows from operating activities	
Net income	\$ 47,438
Adjustments to reconcile net income to cash provided by operating activities	
Investment income directly reinvested in marketable securities	-489
Changes in assets and liabilities	
Accounts receivable	-4,570
Accrued expenses	<u>3,672</u>
Net cash flows from operating activities	<u><u>\$ 46,051</u></u>
Non-cash investing and financing activities	
Investment income directly reinvested in marketable securities	
Total investment income	\$ 491
Income directly reinvested by issuer	<u>489</u>
Investment income received in cash	<u><u>\$ 2</u></u>
Computers purchased by accrual	
Total computers purchased	\$ 3,022
Computers purchased by accrual	<u>1,184</u>
Cash used for purchase of computers	<u><u>\$ 1,838</u></u>

See notes to financial statements

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OSHIMA & ASSOCIATES (A PROPRIETORSHIP)

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

A. Securities dealer registration and nature of operations

Oshima & Associates (the "Company") is a proprietorship of Harold Oshima. The Company is registered with the National Association of Securities Dealers and the Securities and Exchange Commission ("SEC") as a broker/dealer in securities. In order to continue this status, the Company is required to maintain net capital, as defined by the SEC, of in excess of \$5,000. At December 31, 2005, net capital was \$12,399.

As a broker/dealer, the Company receives commission revenue from the sale of securities and mutual funds and from advisory fees. Fees are also charged for tax and financial advisory services. By engaging the services of another broker/dealer, on a fully-disclosed basis, and acting solely as an "introducing broker", the Company does not hold customer securities, execute transactions for customers, or perform custodial functions for customers.

A substantial portion of the Company's revenues is derived from clients residing in Massachusetts, and a downturn in the state's economy could have an effect on the Company.

B. Significant accounting policies

The Company's financial statements are presented in accordance with U.S. generally accepted accounting principles. Significant accounting policies employed in the preparation of these financial statements include:

Estimates: The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimates.

Commission revenue and expense are recognized as the transactions that give rise to the income and expense close.

Unrealized holding gains and losses arise from changes in the value of available-for-sale securities. These gains and losses are included in other comprehensive income.

Depreciation on computers is computed on the straight-line basis, over the 5-year estimated useful lives of the assets.

C. Operating lease from related party

Office space and administrative personnel have been provided by Harold Oshima to the Company, under a tenancy-at-will. Rent is \$6,216 per year.

D. Deposit with correspondent broker

Because the Company does not handle customer securities or trades directly, it has entered into a relationship with a clearing, or correspondent, broker. As part of the terms of its contract with this broker, it maintains with them a \$582 deposit, held in a money-market fund. Interest earned on this account inures to the benefit of the Company.

E. Investment in marketable security

The Company's investments in marketable securities are held for an indefinite period and thus are classified as available-for-sale. Available-for-sale securities are recorded at fair value in investments and other assets on the balance sheet, with the change in fair value during the period included in other comprehensive income for the period. Cost and fair value of the securities – stocks and mutual funds – were \$21,691 and \$13,895, respectively, at December 31, 2005.

OSHIMA & ASSOCIATES (A PROPRIETORSHIP)

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

F. Income taxes

As a proprietorship, all income of the Company is taxed to Harold Oshima. Therefore, no provision is shown for federal or state income taxes in the financial statements.



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CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

Harold Oshima
Oshima & Associates (a proprietorship)
Boston, Massachusetts

I have audited the accompanying financial statements of Oshima & Associates (a proprietorship) as of and for the year ended December 31, 2005 and have issued my report thereon dated February 16, 2006. My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Supplemental Schedule 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 the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

David Merfeld LLC

Boston, Massachusetts
February 16, 2006



**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER Oshima & Associates (A Proprietorship) as of 12/31/05

COMPUTATION OF NET CAPITAL

1.	Total ownership equity from Statement of Financial Condition.....	\$	22,224	3480	
2.	Deduct ownership equity not allowable for Net Capital.....			3490	
3.	Total ownership equity qualified for Net Capital.....			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.....	\$	22,224	3530	
6.	Deductions and/or charges:				
A.	Total nonallowable assets from Statement of Financial Condition (Notes B and C).....	\$	5,656	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	
			5,656	3620	
7.	Other additions and/or allowable credits (List).....			3630	
8.	Net capital before haircuts on securities positions.....	\$	16,568	3640	
9.	Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):				
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.....		4,169	3734	
D.	Undue Concentration.....			3650	
E.	Other (List).....			3736	
			4,169	3740	
10.	Net Capital.....	\$	12,399	3750	

OMIT PENNIES

RECONCILIATION TO FOCUS REPORT PART IIA

Net capital from Focus Report	\$	16,342
Reconciliation		
Variance in cash balance		-33
Accrued expenses not shown in focus report		-3,199
Securities not fully marked to market in Focus Report		3,458
Difference in computation of haircut		-4,169
Net capital as computed above	\$	12,399

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CERTIFIED PUBLIC ACCOUNTANT

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FAX 617-248-1902
David@Merfeldcpa.com

Independent Auditor's Report

Harold Oshima
Oshima & Associates (a proprietorship)
Boston, Massachusetts

In planning and performing my audit of the financial statements of Oshima & Associates (a proprietorship, the "Company") and supplemental schedule for the year ended December 31, 2005, I considered its internal control structure, including procedures for safeguarding securities, in order to determine my auditing procedures for the purposes of expressing my opinion on the financial statements, and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), I have made a study of the practices and procedures followed by the Company, including practices and procedures that I considered relevant to the objectives stated in Rule 17a-5(g) in making periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(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, I 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
2. Recordation of differences required by Rule 17a-13
3. 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.

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 SEC'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 management 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 practices and procedures listed in the preceding 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. In addition, projection of any evaluation of them to future periods is subject to the risks that they may become



inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

My consideration of the internal control structure would not necessarily disclose all 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 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 function. However, I noted no matters involving the internal control structure, including procedures for safeguarding securities, that I consider to be material weaknesses as defined above.

I 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 objective in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on my study, I believe that the Company's practices and procedures were adequate at December 31, 2005 to meet the Commission's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, the New York Stock Exchange, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of brokers and dealers, and should not be used for any other purpose.

David Merfeld LLC

Boston, Massachusetts
February 16, 2006

