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

AD 3/28/06
OMB APPROVAL
OMB Number: 3235-0123
Expires: January 31, 2007
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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

SEC FILE NUMBER
8- 22567

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: Stofan, Agazzi & Company Inc.

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

2801 Black Road, Suite 101

(No. and Street)

Joliet

(City)

IL

(State)

60435

(Zip Code)

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

Mark Stofan

(815) 729-1266

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Slattery, Noonan & Co., LLC

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

701 Essington Road, Suite 100 Joliet

(Address)

(City)

IL

(State)

60435

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

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

PROCESSED
MAY 26 2006
THOMSON
FINANCIAL
SECURITIES AND EXCHANGE COMMISSION
RECEIVED
MAR 01 2006
BRANCH OF REGISTRATIONS
AND
EXAMINATIONS
02

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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)

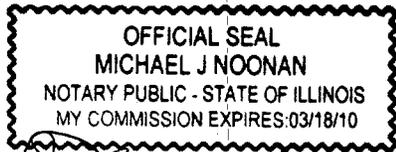
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Handwritten signature/initials

OATH OR AFFIRMATION

I, Mark Stofan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Stofan, Agazzi & Company Inc., 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



Michael Noonan
Notary Public

[Signature]
Signature
President
Title

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.
- (o) Independent auditor's report on internal control

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

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

OMB APPROVAL	
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Form
X-17A-5

FOCUS REPORT
(Financial and Operational Combined Uniform Single Report)
PART II 11

(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

SEC FILE NO.

Stofan, Agazzi & Company Inc. 13

8-22567 14

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

FIRM I.D. NO.

2801 Black Road, Suite 101 20

7596 15

FOR PERIOD BEGINNING (MM/DD/YY)

(No. and Street)

01/01/05 24

Joliet 21

IL 22

60435 23

AND ENDING (MM/DD/YY)

(City)

(State)

(Zip Code)

12/31/05 25

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

(Area Code) — Telephone No.

Mark Stofan 30

(815) 729-1266 31

NAMES OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

OFFICIAL USE

N/A 32

33

34

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36

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

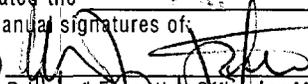
CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT 42

EXECUTION:

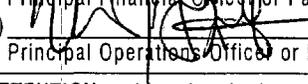
The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of 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 24th day of February, 2006

Manual signatures of:

1)  Principal Executive Officer or Managing Partner

2)  Principal Financial Officer or Partner

3)  Principal Operations Officer or Partner

ATTENTION — Intentional misstatement 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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SEC 1695 (07-02) 1 of 28

TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

NAME (If individual, state last, first, middle name)

Slattery, Noonan & Co., LLC
ADDRESS

70

701 Essington Rd, Suite 100
Number and Street

71

Joliet
City

72

IL
State

73

60435
Zip Code

74

CHECK ONE

Certified Public Accountant

75

Public Accountant

76

Accountant not resident in United States
or any of its possessions

77

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WORK LOCATION	REPORT DATE MM/DD/YY	DOC. SEQ. NO.	CARD				
50	51	52	53				

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER

Stofan, Agazzi & Company Inc.

N 2

100

STATEMENT OF FINANCIAL CONDITION

as of (MM/DD/YY) 12/31/05

SEC FILE NO. 8-22567

Consolidated	99
Unconsolidated	98
	198
	199

	Allowable	Non-Allowable	Total
1. Cash	276,513		276,513
2. Cash segregated in compliance with federal and other regulations	1,718		1,718
3. Receivable from brokers or dealers and clearing organizations:			
A. Failed to deliver:			
1. Includable in "Formula for Reserve Requirements"	220		
2. Other	230		770
B. Securities borrowed:			
1. Includable in "Formula for Reserve Requirements"	240		
2. Other	250		780
C. Omnibus accounts:			
1. Includable in "Formula for Reserve Requirements"	260		
2. Other	270		790
D. Clearing organizations:			
1. Includable in "Formula for Reserve Requirements"	280		
2. Other	50,000		50,000
E. Other	108,106	550	108,106
4. Receivables from customers:			
A. Securities accounts:			
1. Cash and fully secured accounts	310		
2. Partly secured accounts	320	560	
3. Unsecured accounts		570	
B. Commodity accounts	330	580	
C. Allowance for doubtful accounts	() 335	() 590	820
5. Receivables from non-customers:			
A. Cash and fully secured accounts	340		
B. Partly secured and unsecured accounts	350	600	830
6. Securities purchased under agreements to resell	360	605	840
7. Securities and spot commodities owned, at market value:			
A. Bankers acceptances, certificates of deposit and commercial paper	370		
B. U.S. and Canadian government obligations	380		
C. State and municipal government obligations	390		
D. Corporate obligations	400		

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER

as of 12/31/05

Stofan, Agazzi & Company Inc.

STATEMENT OF FINANCIAL CONDITION

	ASSETS			
	Allowable	Non-Allowable	Total	
E. Stocks and warrants	\$ 45,734	410		850
F. Options		420		
G. Arbitrage		422		
H. Other securities		424		
I. Sport commodities		430	\$ 45,734	850
8. Securities owned not readily marketable:				
A. At Cost \$ 200	440	\$ 200 610	200	860
9. Other investments not readily marketable:				
A. At Cost \$				140
B. At estimated fair value	450	620		870
10. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:				
A. Exempted securities .. \$				150
B. Other \$	460	630		160 880
11. Secured demand notes-market value of collateral:				
A. Exempted securities .. \$				170
B. Other \$	470	640		180 890
12. Memberships in exchanges:				
A. Owned, at market value \$				190
B. Owned at cost		650		
C. Contributed for use of company, at market value		660		900
13. Investment in and receivables from affiliates, subsidiaries and associated partnerships	480	670		910
14. Property, furniture, equipment, leasehold improvements and rights under lease agreements:				
At cost (net of accumulated depreciation and amortization).....	490	51,106 680	51,106	920
15. Other Assets:				
A. Dividends and interest receivable	500	690		
B. Free shipments	510	700		
C. Loans and advances	520	710		
D. Miscellaneous	172,074 530	33,733 720	205,807	930
16. TOTAL ASSETS	\$ 654,145 540	\$ 85,039 740	\$ 739,184	940

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER

as of 12/31/05

Stofan, Agazzi & Company Inc.

STATEMENT OF FINANCIAL CONDITION

LIABILITIES AND OWNERSHIP EQUITY (continued)

Liabilities	A.I. Liabilities*	Non-A.I. Liabilities*	Total
17. Bank loans payable:			
A. Includable in "Formula for Reserve Requirements"	\$ 1030	\$ 1240	\$ 1460
B. Other.....	1040	1250	1470
18. Securities sold under repurchase agreement....		1260	1480
19. Payable to brokers or dealers and clearing organizations:			
A. Failed to receive:			
1. Includable in "Formula for Reserve Requirements"	1050	1270	1490
2. Other.....	1060	1280	1500
B. Securities loaned:			
1. Includable in "Formula for Reserve Requirements"	1070	1290	1510
2. Other.....	1080	1290	1520
C. Omnibus accounts:			
1. Includable in "Formula for Reserve Requirements"	1090		1530
2. Other.....	1095	1300	1540
D. Clearing organizations:			
1. Includable in "Formula for Reserve Requirements"	1100		1550
2. Other.....	1105	1310	1560
E. Other:	1110	1320	1570
20. Payable to customers:			
A. Securities accounts-including free credits of\$ 950	1120		1580
B. Commodities accounts	1130	1330	1590
21. Payable to non customers:			
A. Securities accounts	1140	1340	1600
B. Commodities accounts	1150	1350	1610
22. Securities sold not yet purchased at market value-including arbitrage of\$ 960		1360	1620
23. Accounts payable and accrued liabilities and expenses:			
A. Drafts payable	1160		1630
B. Accounts payable	4,391	1170	4,391
C. Income taxes payable	1180		1650
D. Deferred income taxes		10,000	10,000
E. Accrued expenses and other liabilities	1190	1370	1670
F. Other	112,020	1200	112,020
	1200	1380	1680

OMIT PENNIES

*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER

as of 12/31/05

Stofan, Agazzi & Company Inc.

STATEMENT OF FINANCIAL CONDITION

LIABILITIES AND OWNERSHIP EQUITY (continued)

Liabilities	A.I. Liabilities*	Non-A.I. Liabilities*	Total
24. Notes and mortgages payable:			
A. Unsecured	\$ 1210		\$ 1690
B. Secured	25 1211	\$ 1390	1700
25. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:			
1. from outsiders 24 \$	970		
2. Includes equity subordination (15c3-1(d)) of	\$ 980	1400	1710
B. Securities borrowings, at market value from outsiders \$	990	1410	1720
C. Pursuant to secured demand note collateral agreements			
1. from outsiders \$	1000		
2. Includes equity subordination (15c3-1(d)) of	\$ 1010	1420	27 1730
D. Exchange memberships contributed for use of company, at market value		26 1430	1740
E. Accounts and other borrowings not qualified for net capital purposes	1220	1440	1750
26. TOTAL LIABILITIES	\$ 116,411 1230	\$ 10,000 1450	\$ 126,411 1760
Ownership Equity			
27. Sole Proprietorship			\$ 1770
28. Partnership-limited partners	\$ 1020		\$ 1780
29. Corporation:			
A. Preferred stock			1791
B. Common stock			28 450 1792
C. Additional paid-in capital			89,550 1793
D. Retained earnings			558,070 1794
E. Total			648,070 1795
F. Less capital stock in treasury			(35,297) 1796
30. TOTAL OWNERSHIP EQUITY			\$ 612,773 1800
31. TOTAL LIABILITIES AND OWNERSHIP EQUITY			\$ 739,184 1810

OMIT PENNIES

*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER

as of 12/31/05

Stofan, Agazzi & Company Inc.

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition - Item 1800	\$	612,773	3480
2. Deduct Ownership equity not allowable for Net Capital		()	3490
3. Total ownership equity qualified for Net Capital		612,773	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)	33		3525
5. Total capital and allowable subordinated liabilities	\$	612,773	3530
6. Deductions and/or charges:			
A. Total nonallowable assets from			
Statement of Financial Condition (Notes B and C)	\$	85,039	3540
1. Additional charges for customers' and non-customers' security accounts	\$		3550
2. Additional charges for customers' and non-customers' commodity accounts			3560
B. Aged fail-to-deliver			3570
1. Number of items	29	3450	
C. Aged short security differences-less reserve of	\$	3460	3580
number of items		3470	30
D. Secured demand note deficiency			3590
E. Commodity futures contracts and spot commodities - proprietary capital charges			3600
F. Other deductions and/or charges			3610
G. Deductions for accounts carried under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x)			3615
H. Total deductions and/or charges		(85,039)	3620
7. Other additions and/or allowable credits (List)			3630
8. Net capital before haircuts on securities positions	\$	527,734	3640
9. Haircuts on securities: (computed, where applicable, pursuant to 15c3-1(f)):			
A. Contractual securities commitments	\$	1,000	3660
B. Subordinated securities borrowings			3670
C. Trading and investment securities:			
1. Bankers' acceptances, certificates of deposit and commercial paper	31		3680
2. U.S. and Canadian government obligations			3690
3. State and municipal government obligations			3700
4. Corporate obligations			3710
5. Stocks and warrants		6,860	3720
6. Options			3730
7. Arbitrage			3732
8. Other securities	32		3734
D. Undue Concentration			3650
E. Other (List)			3736
		(7,860)	3740
10. Net Capital	\$	519,874	3750

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER

Stofan, Agazzi & Company Inc.

as of 12/31/05

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6 2/3% of line 19)	\$ 7,650	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)	\$ 250,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$ 250,000	3760
14. Excess net capital (line 10 less 13)	\$ 269,874	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$ 508,405	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$ 116,411	3790
17. Add:		
A. Drafts for immediate credit	\$ 3800	3800
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$ 3810	3810
C. Other unrecorded amounts (List)	\$ 3820	3820
18. Deduct: Adjustment based on deposits in Special Reserve Bank Accounts (15c3-1(c)(1)(vii))	\$ 1,718	3838
19. Total aggregate indebtedness	\$ 114,693	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	%	22.1
21. Percentage of aggregate indebtedness to net capital after anticipated capital withdrawals (line 19 ÷ by line 10 less item 4880 page 25)	%	22.1

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

22. 2% of combined aggregate debt items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$ 3870	3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ 3880	3880
24. Net capital requirement (greater of line 22 or 23)	\$ 3910	3910
25. Excess net capital (line 10 less 24)	\$ 3851	3851
26. Percentage of Net Capital to Aggregate Debits (line 10 ÷ by line 17 page 8)	%	3854
27. Percentage of Net Capital, after anticipated capital withdrawals, to Aggregate Debits (line 10 less item 4880 page 11 ÷ by line 17 page 8)	%	3920
28. Net capital in excess of the greater of:		
A. 5% of combined aggregate debit items or \$120,000	\$ 3920	3920

OTHER RATIOS

Part C

29. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	%	3860
30. Options deductions/Net Capital ratio (1000% test) total deductions exclusive of liquidating equity under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) ÷ Net Capital	%	3852

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 2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes 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.

PART II - FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

BROKER OR DEALER Stofan, Agazzi & Company Inc.	For the period (MMDDYY) from <u>1/1/05</u> to <u>12/31/05</u>	3933
	Number of months included in this statement	3931

STATEMENT OF INCOME (LOSS)

REVENUE

1. Commissions:		
a. Commissions on transactions in listed equity securities executed on an exchange	\$ 500,780	3935
b. Commissions on transactions in exchange listed equity securities executed over-the-counter	170,100	3937
c. Commissions on listed option transactions	1,834	3938
d. All other securities commissions	75,463	3939
e. Total securities commissions	748,177	3940
2. Gains or losses on firm securities trading accounts		
a. From market making in over-the-counter equity securities		3941
1. Includes gains or (losses) OTC market making in exchange listed equity securities	3943	
b. From trading in debt securities		3944
c. From market making in options on a national securities exchange		3945
d. From all other trading		3949
e. Total gains or (losses)		3950
3. Gains or losses on firm securities investment accounts		
a. Includes realized gains (losses)	4235	
b. Includes unrealized gains (losses)	32,474	4236
c. Total realized and unrealized gains (losses)	32,474	3952
4. Profits or (losses) from underwriting and selling groups		
a. Includes underwriting income from corporate equity securities	4237	3955
5. Margin interest		
		3960
6. Revenue from sale of investment company shares		
	653,297	3970
7. Fees for account supervision, investment advisory and administrative services		
		3975
8. Revenue from research services		
		3980
9. Commodities revenue		
		3990
10. Other revenue related to securities business		
		3985
11. Other revenue		
	199,268	3995
12. Total revenue		
	\$ 1,633,216	4030

EXPENSES

13. Registered representative's compensation		
	\$ 531,774	4110
14. Clerical and administrative employees' expenses		
	178,760	4040
15. Salaries and other employment costs for general partners, and voting stockholder officers		
a. Includes interest credited to General and Limited Partners capital accounts	4130	
16. Floor brokerage paid to certain brokers (see definition)		
		4055
17. Commissions and clearance paid to all other brokers (see definition)		
		4145
18. Clearance paid to non-brokers (see definition)		
		4135
19. Communications		
	43,602	4060
20. Occupancy and equipment costs		
	66,097	4080
21. Promotional costs		
	55,712	4150
22. Interest expense		
a. Includes interest on accounts subject to subordination agreements	4070	4075
23. Losses in error account and bad debts		
		4170
24. Data processing costs (including service bureau service charges)		
		4186
25. Non-recurring charges		
		4190
26. Regulatory fees and expenses		
	11,447	4195
27. Other expenses		
	460,697	4100
28. Total expenses		
	\$ 1,607,523	4200

NET INCOME

29. Income (loss) before Federal income taxes and items below (Item 12 less Item 28)		
	25,693	4210
30. Provision for Federal income taxes (for parent only)		
	8,000	4220
31. Equity in earnings (losses) of unconsolidated subsidiaries not included above		
a. After Federal income taxes of	4238	4222
32. Extraordinary gains (losses)		
a. After Federal income taxes of	4239	4224
33. Cumulative effect of changes in accounting principles		
		4225
34. Net income (loss) after Federal income taxes and extraordinary items		
	\$ 17,693	4230

MONTHLY INCOME

35. Income (current month only) before provision for Federal income taxes and extraordinary items		
	\$	4211

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER

as of 12/31/05

Stofan, Agazzi & Company Inc.

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS FOR BROKER-DEALERS UNDER RULE 15c3-3 (See Rule 15c3-3, Exhibit A and Related Notes)

CREDIT BALANCES

1. Free credit balances and other credit balances in customers' security accounts (see Note A, Exhibit A, Rule 15c3-3)	45	\$	4340	
2. Monies borrowed collateralized by securities carried for the accounts of customers (see Note B)			4350	
3. Monies payable against customers' securities loaned (see Note C)			4360	
4. Customers' securities failed to receive (see Note D)			4370	
5. Credit balances in firm accounts which are attributable to principal sales to customers			4380	
6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days			4390	
7. **Market value of short security count differences over 30 calendar days old			4400	
8. **Market value of short securities and credits (not to be offset by logs or by debits) in all suspense accounts over 30 calendar days	47		4410	
9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days			4420	
10. Other (List)			4425	
11. TOTAL CREDITS		\$		4430

DEBIT BALANCES

12. **Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection net of deductions pursuant to Note E, Exhibit A, Rule 15c3-3	44	\$	4440	
13. Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver			4450	
14. Failed to deliver of customers' securities not older than 30 calendar days			4460	
15. Margin required and on deposit with Options Clearing Corporation for all option contracts written or purchased in customer accounts (see Note F)			4465	
16. Other (List)	48		4469	
17. **Aggregate debit items		\$		4470
18. **Less 3% (for alternative method only—see Rule 15c3-1(f)(5)(i))			()	4471
19. **TOTAL 14c3-3 DEBITS		\$		4472

RESERVE COMPUTATION

20. Excess of total debits over total credits (line 19 less line 11)	49	\$	4480	
21. Excess of total credits over total debits (line 11 less line 19)			4490	
22. If computation permitted on a monthly basis, enter 105% of excess of total credits over total debits			4500	
23. Amount held on deposit in "Reserve Bank Account(s)," including value of qualified securities, at end of reporting period			4510	
24. Amount of deposit (or withdrawal) including \$ 4515 value of qualified securities			4520	
25. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including \$ 4525 value of qualified securities		\$		4530
26. Date of deposit (MMDDYY)				4540

FREQUENCY OF COMPUTATION

27. Daily 4332 Weekly 4333 Monthly 4334

** In the event the Net Capital Requirement is computed under the alternative method, this "Reserve Formula" shall be prepared in accordance with the requirements of paragraph (f) of Rule 15c3-1.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER

as of 12/31/05

Stofan, Agazzi & Company Inc.

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS FOR BROKER-DEALERS UNDER RULE 15c3-3 (continued)

EXEMPTIVE PROVISIONS

28. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check only one)

- | | | |
|--|----|------|
| A. (k)(1) — \$2,500 capital category as per Rule 15c3-1 | \$ | 4550 |
| B. (k)(2)(A) — "Special Account for the Exclusive Benefit of customers" maintained | | 4560 |
| C. (k)(2)(B) — All customer transactions cleared through another broker-dealer on a fully disclosed basis.
Name of clearing firm ⁵¹ , <u>8-35158 First Clearing, LLC</u> | \$ | 4570 |
| D. (k)(3) — Exempted by order of the Commission | | 4580 |

Information for Possession or Control Requirements Under Rule 15c3-3

State the market valuation and number of items of:

- | | | |
|---|------------------|------|
| 1. Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date) but for which the required action was not taken by respondent within the time frame specified under Rule 15c3-3. Notes A and B | \$ | 4586 |
| A. Number of items | | 4587 |
| 2. Customers' fully paid securities and excess margin securities for which instructions to reduce possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3. Notes B, C and D | \$ | 4588 |
| A. Number of items | \$ ⁵³ | 4589 |
| OMIT PENNIES | | |
| 3. The system and procedures utilized in complying with the requirement to maintain physical possession or control of customers' fully paid and excess margin securities have been tested and are functioning in a manner adequate to fulfill the requirements of Rule 15c3-3 | Yes | 4584 |
| | No | 4585 |

NOTES

- A— Do not include in item one customers' fully paid and excess margin securities required by Rule 15c3-3 to be in possession or control but for which no action was required by the respondent as of the report date or required action was taken by respondent with the time frames specified under Rule 15c3-3.
- B— State separately in response to items one and two whether the securities reported in response thereto were subsequently reduced to possession or control by the respondent.
- C— Be sure to include in item two only items not arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.
- D— Item two must be responded to only with report which is filed as of the date selected for the broker's or dealer's annual audit of financial statements, whether or not such date is the end of a calendar quarter. The response to item two should be filed within 60 calendar days after such date, rather than with the remainder of this report. This information may be required on a more frequent basis by the Commission or the designated examining authority in accordance with Rule 17a-5(a)(2)(iv).

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER

as of 12/31/05

Stofan, Agazzi & Company Inc.

SCHEDULE OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION

CUSTOMER'S REGULATED COMMODITY FUTURES ACCOUNTS

SEGREGATION REQUIREMENTS

1.	Net ledger balance:	
	A. Cash	7010
	B. Securities (at market)	7020
2.	Net unrealized profit (loss) in open futures contracts traded on a contract market	7030
3.	Exchange traded options:	
	A. Add: Market Value of an open option contracts purchased on a contract market	7032
	B. Deduct: Market Value of an open option contracts granted (sold) on a contract market	7033
4.	Net equity (deficit) (total of 1, 2 and 3)	7040
5.	Add accounts liquidating to a deficit and accounts with debit balances with no open trades	7050
6.	Amount required to be segregated (total of 5 and 4)	7060

FUNDS ON DEPOSIT IN SEGREGATION

7.	Deposited in segregated funds bank accounts:	
	A. Cash	7070
	B. Securities representing investments of customers' fund (at market)	7080
	C. Securities held in particular customers or option customers in lieu of cash (at market)	7090
8.	Margin on deposits with clearing organizations of contract markets:	
	A. Cash	7100
	B. Securities representing investments of customers' fund (at market)	7110
	C. Securities held in particular customers or option customers in lieu of cash (at market)	7120
9.	Settlement due from (to) clearing organizations of contract markets	7130
10.	Exchange traded options:	
	A. Add: Unrealized receivables for option contracts purchased on contract markets	7132
	B. Deduct: Unrealized obligations for option contracts granted (sold) on contract markets	7133
11.	Net equities with other FCMs	7140
12.	Segregated funds on hand:	
	A. Cash	7150
	B. Securities representing investments of customers' funds (at market)	7160
	C. Securities held for particular customers in lieu of cash (at market)	7170
13.	Total amount in segregation *total of 7 through 12)	\$ 7180
14.	Excess (insufficiency) funds in segregation (13 minus 6)	\$ 7190

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER Stofan, Agazzi & Company Inc.	as of <u>12/31/05</u>
--	-----------------------

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 Proposal Withdrawal or Accrual See below for code to enter	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)	
54	4600	4601	4602 \$	4603	4604	4605
55	4610	4611	4612	4613	4614	4615
56	4620	4621	4622	4623	4624	4625
57	4630	4631	4632	4633	4634	4635
58	4640	4641	4642	4643	4644	4645
59	4650	4651	4652	4653	4654	4655
60	4660	4661	4662	4663	4664	4665
61	4670	4671	4672	4673	4674	4675
62	4680	4681	4682	4683	4684	4685
63	4690	4691	4692	4693	4694	4695

Total \$ 54 4699*

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* To agree with the total on Recap (Item No. 4880)

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 payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

WITHDRAWAL CODE:	DESCRIPTIONS
1.	Equity Capital
2.	Subordinated Liabilities
3.	Accruals
4.	15c3-1(c)(2)(iv) Liabilities

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
Capital Withdrawals
PART II

BROKER OR DEALER

as of 12/31/05

Stofan, Agazzi & Company Inc.

RECAP

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.

1. Equity Capital			
A. Partnership Capital:			
1. General Partners	65 \$	4700	
2. Limited		4710	
3. Undistributed Profits		4720	
4. Other (describe below)		4730	
5. Sole Proprietorship		4735	
B. Corporation Capital:			
1. Common Stock		4740	
2. Preferred Stock		4750	
3. Retained Earnings (Dividends and Other)	66	4760	
4. Other (describe below)		4770	
2. Subordinated Liabilities			
A. Secured Demand Notes		4780	
B. Cash Subordinates		4790	
C. Debentures		4800	
D. Other (describe below)		4810	
3. Other Anticipated Withdrawals			
A. Bonuses		4820	
B. Voluntary Contributions to Pension or Profit Sharing Plans	67	4860	
C. Other (describe below)		4870	
Total			\$ 4880
4. Description of Other			
.....			
.....			
.....			

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

1. Balance, beginning of period	\$	595,080	4240
A. Net income (loss)		17,693	4250
B. Additions (includes non-conforming capital of	\$	4263	4260
C. Deductions (includes non-conforming capital of	\$	4272	4270
2. Balance, end of period (From Item 1800)	\$	612,773	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)	\$	0	4330

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FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER

as of 12/31/05

Stofan, Agazzi & Company Inc.

FINANCIAL AND OPERATIONAL DATA

<p>1. Month end total number of stock record breaks unresolved over three business days</p> <p style="margin-left: 20px;">A. breaks long</p> <p style="margin-left: 20px;">B. breaks short</p> <p>2. Is the firm in compliance with Rule 17a-13 regarding periodic count and verification of securities positions and locations at least once in each calendar quarter? (Check one)</p> <p>3. Personnel employed at end of reporting period:</p> <p style="margin-left: 20px;">A. Income producing personnel</p> <p style="margin-left: 20px;">B. Non-income producing personnel (all other)</p> <p style="margin-left: 20px;">C. Total</p> <p>4. Actual number of tickets executed during current month of reporting period</p> <p>5. Number of corrected customer confirmations mailed after settlement date</p>	<p>Valuation</p> <p style="margin-left: 20px;">\$</p> <p style="margin-left: 20px;">72 \$</p> <p style="margin-left: 20px;">74</p> <p style="margin-left: 20px;">Yes <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p style="margin-left: 20px;">No <input type="checkbox"/> <input type="checkbox"/></p>	<p>Number</p> <p style="margin-left: 20px;">4900</p> <p style="margin-left: 20px;">4920</p> <p style="margin-left: 20px;">4930</p> <p style="margin-left: 20px;">7</p> <p style="margin-left: 20px;">7</p> <p style="margin-left: 20px;">14</p> <p style="margin-left: 20px;">668</p> <p style="margin-left: 20px;">4990</p>
	<p style="margin-left: 20px;">4890</p> <p style="margin-left: 20px;">4910</p> <p style="margin-left: 20px;">4930</p> <p style="margin-left: 20px;">4930</p> <p style="margin-left: 20px;">4950</p> <p style="margin-left: 20px;">4960</p> <p style="margin-left: 20px;">4970</p> <p style="margin-left: 20px;">4980</p> <p style="margin-left: 20px;">4990</p>	<p style="margin-left: 20px;">4900</p> <p style="margin-left: 20px;">4920</p> <p style="margin-left: 20px;">4930</p> <p style="margin-left: 20px;">4950</p> <p style="margin-left: 20px;">4960</p> <p style="margin-left: 20px;">4970</p> <p style="margin-left: 20px;">4980</p> <p style="margin-left: 20px;">4990</p>

	No. of Items	Debit (Short Value)		No. of Items	Credit (Long Value)
6. Money differences	5000	\$ 5010		5020	\$ 5030
7. Security suspense accounts	5040	\$ 5050		5060	\$ 5070
8. Security difference accounts	5080	\$ 5090		5100	\$ 5110
9. Commodity suspense accounts	5120	\$ 5130		5140	\$ 5150
10. Open transactions with correspondents, other brokers, clearing organizations, depositories and interoffice and inter-company accounts which could result in a charge — unresolved amounts over 30 calendar days	5160	\$ 5170		5180	\$ 5190
11. Bank account reconciliations — unresolved amounts over 30 calendar days	5200	\$ 5210		5220	\$ 5230
12. Open transfers over 40 calendar days, not confirmed	5240	\$ 5250		5260	\$ 5270
13. Transactions in reorganization accounts — over 60 calendar days	5280	\$ 5290		5300	\$ 5310
14. Total	5320	\$ 5330		5340	\$ 5350

	No. of Items	Leger Amount	Market Value
15. Failed to deliver 11 business days or longer (21 Business Days or longer in the case of Municipal Securities)	5360	\$ 5361	5362
16. Failed to receive 11 business days or longer (21 business Days or longer in the case of Municipal Securities)	5363	\$ 5364	5365
17. Security concentrations (See instructions in Part I):			
A. Proprietary positions		\$	5370
B. Customers' accounts under Rule 15c3-3		\$	5374
18. Total of personal capital borrowings due within six months		\$	5378
19. Maximum haircuts on underwriting commitments during the period		\$	5380
20. Planned capital expenditures for business expansion during next six months		\$	5382
21. Liabilities of other individuals or organizations guaranteed by respondent		\$	5384
22. Lease and rentals payable within one year		\$	5386
23. Aggregate lease and rental commitments payable for entire term of the lease			
A. Gross		\$	5388
B. Net		\$	5390

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STOFAN, AGAZZI & COMPANY INC.
DIFFERENCES IN COMPUTATION OF NET CAPITAL AND AGGREGATE
INDEBTEDNESS FROM DEALER'S UNAUDITED COMPUTATION
December 31, 2005 and 2004

	2005		2004	
	<u>Net Capital</u>	<u>Aggregate Indebtedness</u>	<u>Net Capital</u>	<u>Aggregate Indebtedness</u>
Balance per dealer's unaudited computation (unaudited)	\$ 614,329	\$ 45,291	\$ 511,344	\$ 6,270
Reconciling items:				
Net audit adjustments	<u>(94,455)</u>	<u>69,402</u>	<u>672</u>	<u>65,646</u>
Balance per audited financial statements less non-allowable assets	<u>\$ 519,874</u>	<u>\$ 114,693</u>	<u>\$ 512,016</u>	<u>\$ 71,916</u>

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

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

FOCUS REPORT

FORM X-17A-5

SCHEDULE I

(To be filed annually as of the end of calendar year)

Contents

Schedule I

**INFORMATION REQUIRED OF ALL BROKERS
AND DEALERS PURUSANT TO RULE 17a-5**

* * * * *

Stofan, Agazzi & Company Inc.
Name of Respondent

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.

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

OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2004
Estimated average burden
hours per response.....12.00

Form
X-17A-5

FOCUS REPORT
(Financial and Operational Combined Uniform Single Report)
Schedule I

INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17a-5
Report for the Calendar Year 20 05 [8004]
of if less than 12 months

Report for the period beginning / / [8005] and ending / / [8006]
MM DD YY MM DD YY

SEC FILE NUMBER
8- 22567 [8011]

<p>1. NAME OF BROKER DEALER</p> <p>▼ 2 <u>Stofan, Agazzi & Company Inc.</u> [8020]</p>	N9	<p>OFFICIAL USE ONLY</p> <p>Firm No. M M Y Y</p>															
<p>2. Name(s) of Broker-dealer(s) merging with respondent during reporting period:</p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:60%;"></th> <th style="width:5%;"></th> <th style="width:35%;">OFFICIAL USE ONLY</th> </tr> </thead> <tbody> <tr> <td>▼₃ NAME: <u>None</u> [8053]</td> <td></td> <td>▼₄₀ [8057]</td> </tr> <tr> <td>▼₄ NAME: [8054]</td> <td></td> <td>[8058]</td> </tr> <tr> <td>▼₅ NAME: [8055]</td> <td></td> <td>[8059]</td> </tr> <tr> <td>▼₆ NAME: [8056]</td> <td></td> <td>[8060]</td> </tr> </tbody> </table>					OFFICIAL USE ONLY	▼ ₃ NAME: <u>None</u> [8053]		▼ ₄₀ [8057]	▼ ₄ NAME: [8054]		[8058]	▼ ₅ NAME: [8055]		[8059]	▼ ₆ NAME: [8056]		[8060]
		OFFICIAL USE ONLY															
▼ ₃ NAME: <u>None</u> [8053]		▼ ₄₀ [8057]															
▼ ₄ NAME: [8054]		[8058]															
▼ ₅ NAME: [8055]		[8059]															
▼ ₆ NAME: [8056]		[8060]															
<p>3. Respondent conducts a securities business exclusively with registered broker-dealers: (enter applicable code: 1 = Yes 2 = No) <input type="checkbox"/> 1 [8073]</p>																	
<p>4. Respondent is registered as a specialist on a national securities exchange: (enter applicable code: 1 = Yes 2 = No) <input type="checkbox"/> 2 [8074]</p>																	
<p>5. Respondent is registered as a specialist on a national securities exchange:</p> <p>(a) equity securities (enter applicable code: 1 = Yes 2 = No) <input type="checkbox"/> 2 [8075]</p> <p>(b) municipals (enter applicable code: 1 = Yes 2 = No) <input type="checkbox"/> 2 [8076]</p> <p>(a) other debt instruments (enter applicable code: 1 = Yes 2 = No) <input type="checkbox"/> 2 [8077]</p>																	
<p>6. Respondent is registered solely as a municipal bond dealer: (enter applicable code: 1 = Yes 2 = No) <input type="checkbox"/> 2 [8078]</p>																	
<p>7. Respondent is an insurance company or an affiliate of an insurance company: (enter applicable code: 1 = Yes 2 = No) <input type="checkbox"/> 2 [8079]</p>																	
<p>8. Respondent carries its own public customer accounts: (enter applicable code: 1 = Yes 2 = No) <input type="checkbox"/> 2 [8084]</p>																	
<p>9. Respondent's total number of public customer accounts: (carrying firms filing X-17A-5 Part II only)</p> <p>(a) Public customer accounts [8080]</p> <p>(b) Omnibus accounts [8081]</p>																	
<p>10. Respondent clears its public customer and/or proprietary accounts: (enter applicable code: 1 = Yes 2 = No) <input type="checkbox"/> 2 [8085]</p>																	

FOCUS REPORT

Schedule I

page 2

11. Respondent clears its public customer accounts in the following manner:
 (enter a "1" in appropriate boxes)

(a) Direct Mail (New York Stock Exchange Members Only)	8086	8086
(b) Self-Clearing	8087	8087
(c) Omnibus	8088	8088
(d) Introducing	8089	8089
(e) Other	8090	8090
If Other please describe:		
(f) Not applicable	1	8091

12. (a) Respondent maintains membership(s) on national securities exchange(s):
 (enter applicable code: 1 = Yes 2 = No)

	2	8100
--	---	------

(b) Names of national securities exchange(s) in which respondent maintains memberships:
 (enter a "1" in appropriate boxes)

(1) American	8120	8120
(2) Boston	8121	8121
(3) CBOE	8122	8122
(4) Midwest	8123	8123
(5) New York	8124	8124
(6) Philadelphia	8125	8125
(7) Pacific Coast	8126	8126
(8) Other	8129	8129

13. Employees:

(a) Number of full-time employees	11	8101
(b) Number of full-time registered representatives employed by respondent included in 13(a)	7	8102

14. Number of NASDAQ stocks respondent makes market

	11	8103
--	----	------

15. Total number of underwriting syndicates respondent was a member

	8104	8104
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(Carrying or clearing firms filing X-17A-5 Part II)

16. Number of respondent's public customer transactions:

Actual	8105	8105
Estimate	8106	8106

(a) equity securities transactions effected on a national securities exchange

	8107	8107
--	------	------

(b) equity securities transactions effected other than on a national securities exchange

	8108	8108
--	------	------

(c) commodity, bond, option, and other transactions effected on or off a national securities exchange

	8109	8109
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FOCUS REPORT

Schedule I

page 3

17. Respondent is a member of the Securities Investor Protection Corporation
(enter applicable code: 1 = Yes 2 = No) ... 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 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**Independent Auditor's Report on Internal Control
Required by Securities Exchange Commission Rule 17a-5**

To the Board of Directors
of Stofan, Agazzi & Company Inc.

In planning and performing our audit of the financial statements and supplemental schedules of Stofan, Agazzi & Company Inc. (the Company), 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 the 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 physical possession or control of all fully paid and excess margin securities of customer 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 generally accepted accounting principles. 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 all 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 one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by 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 no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

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.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, Securities Investors Protection Corporation, the New York Stock Exchange, the Chicago Stock Exchange, 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.

Slattery, Noonan & Co., LLC

Joliet, Illinois
February 9, 2006

STOFAN, AGAZZI & COMPANY INC.

FINANCIAL REPORT
Years Ended December 31, 2005 and 2004

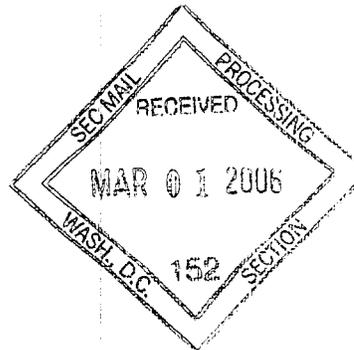


TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT.....	1
FINANCIAL STATEMENTS	
Statements of Financial Condition.....	2
Statements of Income.....	4
Statements of Changes in Stockholders' Equity.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7
SUPPLEMENTAL INFORMATION	
Schedules of Operating Expenses.....	12
Form X-17A-5 Part III – Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder.....	13
Form X-17A-5 Part II, FOCUS Report.....	15
Differences in Computation of Net Capital and Aggregate Indebtedness from Dealer's Unaudited Computation.....	30
Form X-17A-5 FOCUS Report – Schedule I.....	31
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17A-5.....	35

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Stofan, Agazzi & Company Inc.

We have audited the accompanying statements of financial condition of Stofan, Agazzi & Company Inc. (a Delaware Corporation) as of December 31, 2005 and 2004, and the related statements of income, changes in stockholders' equity, and cash flows for the years 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. 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 Stofan, Agazzi & Company Inc. at December 31, 2005 and 2004, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 12 through 36 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplemental 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 our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Slattery, Noonan & Co., LLC

Joliet, Illinois
February 9, 2006

STOFAN, AGAZZI & COMPANY INC.
STATEMENTS OF FINANCIAL CONDITION
December 31, 2005 and 2004

ASSETS	2005	2004
Current assets		
Cash	\$ 200,743	\$ 214,223
Temporary investments	75,770	-
Receivable from clearing organization	83,037	119,402
Receivable from mutual fund companies	25,069	24,264
Income tax refunds receivable	7,934	6,956
Deferred income tax benefit	2,600	3,000
Prepaid expenses	23,199	32,379
Total current assets	<u>418,352</u>	<u>400,224</u>
Furniture, fixtures and leasehold improvements		
Furniture and fixtures	59,914	71,814
Leasehold improvements	12,475	97,042
Total, at cost	72,389	168,856
Less accumulated depreciation	<u>21,283</u>	<u>140,318</u>
Total furniture, fixtures and leasehold improvements	<u>51,106</u>	<u>28,538</u>
Other assets		
Securities owned, marketable, at market value	45,734	13,260
Deposit with clearing organization	50,000	50,099
Segregated cash amount	1,718	1,718
Investment in exchange, at cost	200	200
Cash value of officers' life insurance	172,074	165,675
Deposit - furniture and fixtures	-	9,000
Total other assets	<u>269,726</u>	<u>239,952</u>
Total assets	<u>\$ 739,184</u>	<u>\$ 668,714</u>

The accompanying notes are an integral part of these statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	2005	2004
Current liabilities		
Accounts payable	\$ 4,391	\$ 5,364
Accrued expenses:		
Accrued commissions	21,640	29,550
Profit sharing	88,250	36,850
Other	405	145
	<hr/>	<hr/>
Total current liabilities	114,686	71,909
Other liabilities		
Special reserve account	1,725	1,725
Deferred income taxes	10,000	-
	<hr/>	<hr/>
Total liabilities	126,411	73,634
Stockholders' equity		
Common stock, \$.50 par value, 1,800 shares authorized, 900 shares issued, 800 shares outstanding	450	450
Additional paid-in capital	89,550	89,550
Retained earnings	558,070	540,377
	<hr/>	<hr/>
	648,070	630,377
Less: 100 shares of common stock in treasury, at cost	35,297	35,297
	<hr/>	<hr/>
Total stockholders' equity	612,773	595,080
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$ 739,184	\$ 668,714

The accompanying notes are an integral part of these statements.

STOFAN, AGAZZI & COMPANY INC.
STATEMENTS OF INCOME
Years ended December 31, 2005 and 2004

	2005	2004
Revenues		
Commissions	\$ 1,595,856	\$ 1,506,565
Investment in securities - unrealized gain	32,474	975
Miscellaneous	4,886	12,659
Total revenues	1,633,216	1,520,199
Expenses		
Employee compensation, commissions and benefits	1,058,220	946,405
Ticket charges and floor brokerage	141,545	181,894
Payroll taxes	59,540	53,667
Operating expenses	317,610	333,938
Loss from abandonment of furniture and fixtures	26,408	-
Total expenses	1,603,323	1,515,904
Income before income taxes	29,893	4,295
Provision for income taxes	12,200	5,700
Net Income (loss)	\$ 17,693	\$ (1,405)
Earnings (loss) per common share	\$ 22.12	\$ (1.76)

The accompanying notes are an integral part of these statements.

STOFAN, AGAZZI & COMPANY INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years ended December 31, 2005 and 2004

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	
	<u>Shares</u>	<u>Amount</u>			<u>Shares</u>	<u>Amount</u>
Balance at December 31, 2003	800	\$ 450	\$ 89,550	\$541,782	100	\$ (35,297)
Net (loss)		-	-	(1,405)		-
Balance at December 31, 2004	800	450	89,550	540,377	100	(35,297)
Net income		-	-	17,693		-
Balance at December 31, 2005	<u>800</u>	<u>\$ 450</u>	<u>\$ 89,550</u>	<u>\$558,070</u>	<u>100</u>	<u>\$ (35,297)</u>

The accompanying notes are an integral part of these statements.

STOFAN, AGAZZI & COMPANY INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2005 and 2004

	2005	2004
Cash flows from operating activities		
Net income (loss)	\$ 17,693	\$ (1,405)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	8,887	3,747
Loss from abandonment of furniture and fixtures	26,408	-
Deferred income taxes	10,400	(3,000)
Increase in cash value of life insurance	6,399	4,529
Effects of changes in operating assets and liabilities:		
Receivable from clearing organization	36,365	(21,688)
Receivable from mutual fund companies	(805)	-
Income tax refunds receivable	(978)	(6,956)
Income taxes payable	-	(14,865)
Prepaid expenses	9,180	(16,586)
Accounts payable and accrued expenses	42,777	45,401
Net cash provided by (used in) operating activities	<u>156,326</u>	<u>(10,823)</u>
Cash flows from investing activities		
Proceeds from temporary investments	-	150,000
Purchase of temporary investments	(75,770)	-
Increase in market value of equity securities	(32,474)	(975)
Deposit with clearing organization	99	(99)
Premiums applied to cash value of life insurance	(12,798)	(9,605)
Purchase of furniture, fixtures and leasehold improvements	(57,863)	-
Deposit - furniture and fixtures	9,000	(9,000)
Net cash provided by (used in) investing activities	<u>(169,806)</u>	<u>130,321</u>
Net increase (decrease) in cash	(13,480)	119,498
Cash, beginning of year	<u>214,223</u>	<u>94,725</u>
Cash, end of year	<u>\$ 200,743</u>	<u>\$ 214,223</u>

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and nature of business

Stofan, Agazzi & Company Inc. was incorporated on April 1, 1978, in the state of Delaware. The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD) and the Securities Investor Protection Corporation (SIPC). The Company's principal business activity is to purchase and sell securities as an agent or broker for its customers consisting of individuals and various types of businesses located primarily in the Joliet, Illinois area. The Company's fiscal year ends on December 31.

Note 2. Significant accounting policies

Basis of Presentation and Commission Revenue and Expense

The Company maintains its books on the accrual basis of accounting. Securities transactions are recorded on a settlement date basis with related commission revenue and expense recorded on a trade date basis.

Concentration of Credit Risk

The Company maintains several bank accounts. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$100,000. The balances in those accounts do, at times, exceed the federally insured limit. At December 31, 2005, the Company's bank accounts exceeded the federally insured limit by \$146,824.

Depreciation

Furniture and fixtures are depreciated using accelerated methods over their estimated useful lives which range from five to ten years. Leasehold improvements are amortized using accelerated and straight-line methods over their estimated useful lives of ten years.

Exchange Membership

Exchange membership is recorded at cost pursuant to the rules of the Securities and Exchange Commission.

Income Taxes

The Company is taxed under the Internal Revenue Code as a Corporation. The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates.

NOTES TO FINANCIAL STATEMENTS

Use of Estimates

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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fully Disclosed Method of Operations

The Company is exempt from the reserve requirements of SEC rule 15c3-3 because it transacts all business on a fully disclosed basis through First Clearing, LLC of Richmond, Virginia and various mutual fund companies. As of August 2005, all customers' positions and balances are carried on the books of First Clearing, LLC and various mutual fund companies. Prior to August 2005, the Company transacted all business on a fully disclosed basis through City Securities Corporation of Indianapolis, Indiana.

Advertising Costs

The Company expenses advertising costs when paid.

Reclassifications

Certain amounts in the 2004 financial statements have been reclassified for comparative purposes to conform with the presentation in the 2005 financial statements.

Note 3. Investment in Exchange

The Company owned a membership in the Chicago Stock Exchange at December 31, 2004. As part of a demutualization of that exchange, the Company received stock of CHX Holdings, Inc. in exchange for their membership in the Chicago Stock Exchange. CHX Holdings, Inc. common stock is a restricted security under the Securities Act of 1933. The stock is not readily marketable and is subject to specific ownership, voting, and transfer restrictions. At December 31, 2004, the membership in the Chicago Stock Exchange was recorded at cost, and at December 31, 2005, the investment in CHX Holdings, Inc. was recorded at cost. There were no impairments in 2004 or 2005.

During the time that the Company owned the membership in the Chicago Stock Exchange, the Company leased the membership in the exchange to a third party. Rental income recognized from this lease was \$850 and \$10,200 in 2005 and 2004, respectively.

Note 4. Securities Owned

Marketable securities owned consist of investment securities in corporate stock which had a market value of \$45,734 at December 31, 2005 and \$13,260 at December 31, 2004.

NOTES TO FINANCIAL STATEMENTS

Note 5. Life Insurance

The Company is the owner and beneficiary of life insurance policies carried on its officers. The cash surrender values and face amounts of the policies are as follows:

Officer	Face Amount of Policies		Cash Surrender Value	
	2005	2004	2005	2004
George M. Stofan	\$ 262,500	\$ 262,500	\$ 135,460	\$ 130,516
Robert A. Agazzi	159,000	159,000	36,614	35,159
Total	<u>\$ 421,500</u>	<u>\$ 421,500</u>	<u>\$ 172,074</u>	<u>\$ 165,675</u>

Note 6. Common Stock and Earnings (Loss) Per Common Share

Earnings (loss) per common share was computed by dividing net income for the year by the weighted average number of common shares outstanding during the year, 800 shares for 2005 and 2004.

Note 7. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2005 and 2004, the Company had net capital, as defined, of \$519,874 and \$512,016, respectively, which exceeded the minimum net capital requirement of \$250,000 at December 31, 2005 and 2004. The Company's aggregate indebtedness to net capital ratio, as defined, was .221 to 1 and .140 to 1 at December 31, 2005 and 2004, respectively, which were below the maximum ratio allowable.

Note 8. Total Rent Expense and Lease Commitments

The Company rents office space from a related party under an informal month to month agreement requiring payments of \$4,500 per month. Rent expense under this lease was \$42,500 for 2005.

Prior to February 14, 2005, the Company rented office space from STAG Building Partnership, a related party, under an informal agreement. Rent expense for the STAG Building Partnership lease was \$7,500 for 2005 and \$54,000 for 2004.

In 2004, the Company leased office equipment and automobiles under operating leases from Stofan Leasing Company, a related party through common ownership. Rent expense for the Stofan Leasing Company leases was \$11,230 for 2004. The leases terminated in 2004.

Note 9. Loss from Abandonment of Furniture and Fixtures

The Company moved to another office in February 2005. The loss from abandonment of furniture and fixtures of \$26,408 in 2005 results from assets that were disposed or abandoned during the move to the new location.

NOTES TO FINANCIAL STATEMENTS

Note 10. Advertising Costs

Total advertising costs recognized by the Company for the years ended December 31, 2005 and 2004 were \$25,626 and \$32,343 respectively.

Note 11. Profit Sharing Retirement Plans

The Company maintains a qualified profit sharing retirement plan which includes a deferred savings provision under Internal Revenue Code Section 401(k). All employees of the Company are eligible to participate. Contributions are discretionary and are determined by the Board of Directors annually. Total profit sharing contributions to the plan for the years ended December 31, 2005 and 2004 were \$76,918 and \$29,911, respectively.

The Company also matches 25% of a participant's elective Section 401(k) salary deferrals up to 5% of the participating employee's annual compensation. Matching contributions for the years ended December 31, 2005 and 2004 were \$11,332 and \$10,558, respectively.

Note 12. Income Taxes

A reconciliation of the provision for income taxes at the United States statutory income tax rates to the Company's actual provision for income taxes is as follows:

	2005	2004
Expected income tax expense at U. S. statutory tax rate	\$ 500	\$ 5,700
Effect of state income taxes, net of U. S. income tax effects	(300)	2,600
Deferred taxes	10,400	(3,000)
Nondeductible expenses	1,600	400
Total provision for income taxes	<u>\$ 12,200</u>	<u>\$ 5,700</u>

Deferred taxes are recognized for temporary differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to depreciable assets (accelerated depreciation methods used for income tax), investment in equity securities (unrealized gain not recognized for income tax until the securities are sold), and accrued commissions payable (accrued commissions to greater than fifty percent shareholder not deducted for income tax until paid).

Deferred income tax assets were \$2,600, and deferred income taxes (liabilities) were \$10,000 at December 31, 2005. Deferred income tax assets were \$3,000 at December 31, 2004.

Note 13. Statements of Cash Flows Disclosures

Cash paid for income taxes was \$2,778 in 2005 and \$30,465 in 2004. There was no cash paid for interest expense in 2005 or 2004.

SUPPLEMENTAL INFORMATION

STOFAN, AGAZZI & COMPANY INC.
SCHEDULES OF OPERATING EXPENSES
Years ended December 31, 2005 and 2004

	2005	2004
Advertising	\$ 25,626	\$ 32,343
Legal and professional fees	11,672	9,620
Travel, promotion and entertainment	30,086	31,413
Contributions	350	475
Dues and subscriptions	5,208	9,936
Insurance	94,253	98,170
Office supplies and postage	36,161	22,368
Miscellaneous, including errors and omissions	13,028	9,141
Rent	50,000	54,000
Repairs and maintenance	4,626	4,176
Equipment rental	-	11,230
News service	1,763	9,981
Telephone	7,441	6,292
Utilities	7,210	7,423
Registration and other fees	11,447	19,094
Depreciation	8,887	3,747
Officers' life insurance, net	9,852	4,529
	<hr/>	<hr/>
Total operating expenses	\$ 317,610	\$ 333,938
	<hr/> <hr/>	<hr/> <hr/>