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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

AB 4/1/06

OMB APPROVAL
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REPORT FOR THE PERIOD BEGINNING JANUARY 1, 2005 AND ENDING DECEMBER 31, 2005
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: COMANN & MONTAGUE

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
1110 MAR WEST STREET, SUITE D

(No. and Street)

TIBURON

CALIFORNIA

94920

(City)

(State)

(Zip Code)

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

TYLER K. COMANN

(415) 391-2400

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

STONEFIELD JOSEPHSON, INC., CERTIFIED PUBLIC ACCOUNTANTS

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

101 MONTGOMERY STREET, SUITE 1900, SAN FRANCISCO, CALIFORNIA

94104

(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

FOR OFFICIAL USE ONLY

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

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.

SEC 1410 (06-02)

OATH OR AFFIRMATION

I, Tyler K. Comann, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to Comann & Montague for the year ended December 31, 2005, are true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.

[Handwritten Signature]
Signature
PARTNER
Title

State of California

County of Marin

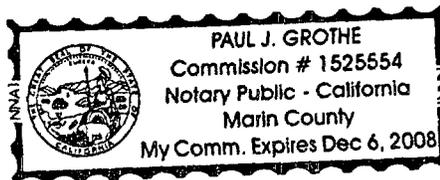
On 3/6/06, before me, Paul J. Grothe (Notary)

- Personally known to me
- Proved to me on the basis of satisfactory evidence
California Driver License

To be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signatures(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

[Handwritten Signature]
Notary Public



Comann & Montague
(A California General Partnership)

Comann & Montague
(A California General Partnership)
Table of Contents
Year Ended December 31, 2005

This report contains (check all applicable boxes):

- (a) Facing page
- (b) Statement of Financial Condition
- (c) Statement of Income
- (d) Statement of Cash Flows
- (e) Statement of Changes in Financial Condition
- (f) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital
- (g) Statement of Changes in Liabilities Subordinated to Claims of Creditors
- (h) Computation of Net Capital
- (i) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3
- (j) Information Relating to the Possession or Control Requirements Under Rule 15c3-3
- (k) 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
- (l) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation
- (m) An Oath or Affirmation
- (n) A copy of the SIPC Supplemental Report
- (o) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit

Comann & Montague (A California General Partnership)

Financial Statements

Year Ended December 31, 2005

Comann & Montague
(A California General Partnership)
Table of Contents
Year Ended December 31, 2005

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Independent Auditors' Report

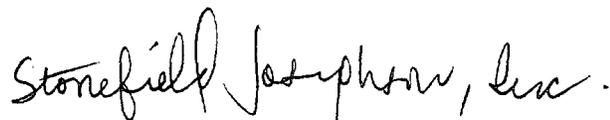
To the Partners
Comann & Montague
Tiburon, California

We have audited the accompanying statement of financial condition of Comann & Montague (a California general partnership) as of December 31, 2005, and the related statements of income, partners' capital, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Comann & Montague as of December 31, 2005, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit has been made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 8, 9, and 10 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 of the Securities and Exchange Commission. 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.



CERTIFIED PUBLIC ACCOUNTANTS

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January 12, 2006

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**Comann & Montague
(A California General Partnership)
Statement of Financial Condition
Year Ended December 31, 2005**

Assets

Current assets:

Cash	\$ 121,694
Fees receivable	19,199
Prepaid expenses	<u>6,096</u>

Total current assets 146,989

Leasehold improvements,

net of accumulated depreciation \$51,132 5,435

Other assets

4,436

\$ 156,860

Liabilities and Partners' Capital

Current liabilities

Accounts payable and accrued expenses \$ 1,649

Partners' capital

155,211

\$ 156,860

The accompanying notes form an integral part of these financial statements.

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**Comann & Montague
(A California General Partnership)
Statement of Income
Year Ended December 31, 2005**

Management and investment advisory income	<u>\$ 841,934</u>
Operating expenses:	
Rent	53,157
Salaries	35,504
Office Expense	17,168
Travel and Promotions	16,766
Depreciation	10,866
Insurance	10,391
Telephone	9,161
Professional Fees	5,153
Payroll Taxes	4,514
Dues and Subscriptions	1,512
Miscellaneous	<u>155</u>
Total operating expense	<u>164,347</u>
Operating income	677,587
Interest income	<u>5,605</u>
Net income	<u><u>\$ 683,192</u></u>

The accompanying notes form an integral part of these financial statements.

**Comann & Montague
(A California General Partnership)
Statement of Partners' Capital
Year Ended December 31, 2005**

Balance at January 1, 2005	\$ 214,519
Net income	683,192
Distributions	<u>(742,500)</u>
Balance at December 31, 2005	<u><u>\$ 155,211</u></u>

The accompanying notes form an integral part of these financial statements.

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**Comann & Montague
(A California General Partnership)
Statement of Cash Flows
Increase (Decrease) in Cash
Year Ended December 31, 2005**

Cash flows provided by (used for) operating activities:	
Net income	<u>\$ 683,192</u>
Adjustments to reconcile net income to net cash provided by operating activities-	
Depreciation expense	10,866
Changes in assets and liabilities:	
Increase in assets:	
Fees receivable	30,801
Prepaid expenses	1,093
Decrease in liabilities-	
Accounts payable and accrued expenses	<u>(2,170)</u>
Total adjustments	<u>40,590</u>
Net cash provided by operating activities	723,782
Cash flows used for financing activities-	
Distributions paid	<u>(742,500)</u>
Net decrease in cash	(18,718)
Cash, beginning of year	<u>140,412</u>
Cash, end of year	<u><u>\$ 121,694</u></u>

The accompanying notes form an integral part of these financial statements.

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(1) Summary of Significant Accounting Policies:

Business Activity

The Company was formed on September 1, 1993, as a California general partnership. The Company's primary business consists of assisting clients with mergers and acquisitions and private placements.

The Company is registered with the Securities and Exchange Commission pursuant to Section 15c of the Securities Exchange Act of 1934. The Company is a member of the National Association of Securities Dealers, Inc. The Company also has a broker-dealer certificate from the California Department of Corporations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Allowance of doubtful account is estimated by management based on historical losses and existing economic conditions. There was no allowance of doubtful accounts at December 31, 2005, based on management estimate.

Cash

The Company maintains its cash in high-grade financial institutions, and the cash balances may at times throughout the year exceed the federally insured limits on such accounts. The Company has not experienced any losses in such accounts.

Leasehold Improvements

Leasehold improvements are valued at cost. Depreciation was provided by use of the straight-line method over the estimated useful lives of the assets.

Revenue Recognition

The Company recognizes retainer revenue for consulting services upon engagement or over the specific period of engagement, if applicable. Success fees are recognized upon the execution of the transactions relating to those fees.

Income Taxes

Income taxes on partnership income are the personal responsibility of the individual partners; therefore, no provision for income taxes has been recorded in these financial statements.

(2) Major Customers:

Approximately 89% of the Company's total fee revenue was earned from four customers during the year. There were no accounts receivables from these customers at December 31, 2005.

(3) Net Capital Requirements:

Pursuant to Security and Exchange Commission Rule 17CFR 402.2, the Company is required to maintain minimum net capital, as defined. The value of this defined operating parameter may vary materially from day to day. At December 31, 2005, the Company's net capital was \$117,611, which is \$112,611 in excess of the required net capital.

(4) Commitments:

The Company leases its business premises in Tiburon under an operating lease expiring in May 2006. The operating lease requires minimum rental payments of \$4,436 subject to annual CPI increases per the lease agreement. Rent expense totaled \$53,157 for the year ended December 31, 2005.

**Comann & Montague
(A California General Partnership)
Computation of Net Capital and Net Capital Requirement
Year Ended December 31, 2005**

Computation of Net Capital

Total ownership equity from Statement of Financial Condition	\$ 155,211
Less nonallowable assets	
Fee receivables	19,199
Prepaid expenses	6,096
Leasehold improvements	5,435
Other assets	4,436
	<hr/>
Net capital before haircuts on securities positions	120,045
Less haircuts on securities	2,434
	<hr/>
Net capital	<u><u>\$ 117,611</u></u>

Computation of Net Capital Requirement

Minimum net capital required (6 2/3% of aggregate indebtedness)	<u><u>\$ 110</u></u>
Minimum dollar net capital requirement	<u><u>\$ 5,000</u></u>
Net capital requirement (greater of above two amounts)	<u><u>\$ 5,000</u></u>
Excess net capital	<u><u>\$ 112,611</u></u>

**Comann & Montague
(A California General Partnership)
Computation for Determination of Reserve Requirements
and Information for Possession or Control Requirements
Year Ended December 31, 2005**

Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities and Exchange Act of 1934

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(ii) of the Rule.

Information for Possession or Control Requirements Pursuant to Rule 15c3-3 under the Securities and Exchange Act of 1934

Not applicable

**Comann & Montague
(A California General Partnership)
Reconciliation of the Computation of Net Capital
Year Ended December 31, 2005**

Per original filing	\$ 114,156
Audit adjustments, primarily prior year accounts payable and prepaid expenses reversal	<u>3,455</u>
Per this filing	<u>\$ 117,611</u>

The accompanying notes form an integral part of these financial statements.

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**Independent Auditors' Report on Internal Control Required by
Rule 17a-5 of the Securities and Exchange Commission**

To the Partners
Comann & Montague
Tiburon, California

In planning and performing our audit of the financial statements and supplemental schedules of Comann & Montague (a California general partnership) 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 (the "SEC"), we have made a study of the practices and procedures followed by the Company, including tests of compliance with 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 the 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 customers as required by rule 15c3-3.

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

Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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

Our 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 internal control structure does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the 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 Partners, management, the SEC 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.

Stonefield Josephson, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

San Francisco, California
January 12, 2006