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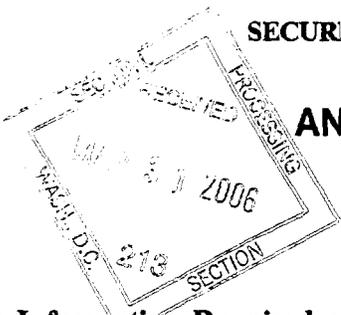
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MISSION

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| OMB APPROVAL | |
| OMB Number: | 3235-0123 |
| Expires: | September 30, 1998 |
| Estimated average burden hours per response . . . | 12.00 |



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

| |
|-----------------|
| SEC FILE NUMBER |
| 8- 40282 |

**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 January 1, 2005 AND ENDING December 31, 2005
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Gerwin Group, Inc.

| |
|-------------------|
| OFFICIAL USE ONLY |
| FIRM ID. NO. |

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
23663 Park Capri , Suite 105

(No. and Street)

Calabasas, CA 91302

(City)

(State)

(Zip Code)

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

Christopher L Gerwin 818-225-0010

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Melvin Crosby, CPA Melvin Crosby & Associates, Inc

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

35688 Cathedral Canyon Dr. #120 , Cathedral City, CA 92234

(Address)

(City)

(State)

Zip Code)

CHECK ONE:

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

PROCESSED

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THOMPSON
FINANCIAL

FOR OFFICIAL USE ONLY

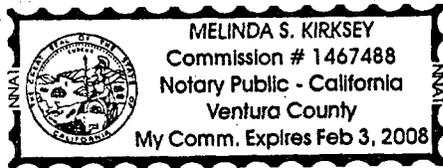
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, Christopher L Gerwin, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Gerwin Group, Inc., as of December 31, 192005, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Christopher L Gerwin
Signature
President
Title

Melinda S Kirksey
Notary Public



This report** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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

**Gerwin Group, Inc
Supplementary Account's Report
On Internal Accounting Control
Report Pursuant to 17a-5
For the Year Ended December 31,2005**

Gerwin Group, Inc
Report Pursuant to 17a-5
Financial Statements
For the Year Ended December 31,2005

MELVIN CROSBY & ASSOCIATES, INC
ACCOUNTANCY CORPORATION
35-688 Cathedral Canyon Dr. Suite 120
Cathedral City, CA 92234
P (760)324-0061
F (760) 324-0480

Independent Auditor's Report

Board of Directors
Gerwin Group, Inc.

I have audited the accompanying statements of financial condition of Gerwin group, Inc. as of December 31, 2005 and the related statements of operations, change in stockholder's equity and 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 statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. 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 made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

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

My examination was made for the purpose of forming an opinion on the basis of financial statement taken as a whole. The information contained on Schedule I-III are presented for purpose of additional analysis and is not required as a part of the basic financial statements, but as supplementary information required by Rule 17a-5 of the Securities and Exchange Commission.

Such information has been subject to the auditing procedures applied in the examination 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 and in conformity with the rules of the Securities and Exchange Commission.



Melvin Crosby
Certified Public Accountant

Gerwin Group, Inc.
Statement of Financial Condition
December 31, 2005

Assets

| | | |
|---------------------------|-----------|-----------------------------|
| Cash and Cash Equivalents | \$ | 6,200 |
| Concessions Receivable | | <u>20,651</u> |
| Total Assets | \$ | <u><u>26,851</u></u> |

Liabilities and Stockholder's Equity

Liabilities

| | | |
|--------------------------|-----------|---------------------|
| Accounts Payable | \$ | 2,287 |
| Income Taxes Payable | | 2,401 |
| Total Liabilities | \$ | <u>4,688</u> |

Stockholder's Equity

| | | |
|-------------------------------------------------------------------|-----------|-----------------------------|
| Common Stock, \$1 par value, 10,000 authorized and outstanding | \$ | 10,000 |
| Additional Paid-In Capital | | 62,350 |
| Accumulated Deficit | | (50,187) |
| Total Stockholders Equity | \$ | <u>\$22,163</u> |
| Total Liabilities and Stockholder Equity | \$ | <u><u>26,851</u></u> |

The Accompanying notes are an integral part of these financial statements

Gerwin Group, Inc
Statement of Stockholder's Equity
For the year ended December 31, 2005

| | Common Stock | Additional Paid-In Capital | Accumulated Deficit | Total |
|----------------------------|-------------------------|-------------------------------------------|--------------------------------|------------------|
| Balance, January 1, 2005 | \$ 10,000 | \$ 60,850 | \$ (51,189) | \$ 19,661 |
| Additional Paid-In Capital | | 1,500 | | 1,500 |
| Net Income (Loss) | | | 1,002 | 1,002 |
| Balance, Dec. 31, 2005 | <u>\$ 10,000</u> | <u>\$ 62,350</u> | <u>\$ (50,187)</u> | <u>\$ 22,163</u> |

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

Gerwin Group, Inc
Statement of Changes in Cash Flow
For the year ended December 31, 2005

Cash Flows From Operating Activities:

| | | |
|-------------------------------------------------------------------------------------|---------|----------------|
| Net Income (Loss) | \$ | 1,002 |
| Adjustments to Reconcile Net Income (Loss) to Net Cash used in Operating Activities | | |
| (Increase) Decrease in: | | |
| Concessions Receivable | \$ | (3,030) |
| (Decrease) Increase in: | | |
| Accounts Payable | (1,480) | |
| Commissions Payable | 0 | |
| Income Taxes Payable | 1,266 | |
| Total Adjustments | | <u>(3,244)</u> |
| Net Cash and Cash Equivalents used in Oper. Activities | | <u>(2,242)</u> |

Cash Flows from Investing Activities:

Cash Flows from Investing Activities:

| | | |
|----------------------------------------------------------------|--------------|------------------------|
| Proceeds from Issuance of Additional Paid-In Capital | <u>1,500</u> | |
| Net Cash and Cash Equivalents provided by Financing Activities | | <u>1,500</u> |
| Net Decrease in Cash and Cash Equivalents | | (742) |
| Cash and Cash equivalents at Beginning of year | | 6,942 |
| Cash and Cash equivalents at End of year | | <u><u>\$ 6,200</u></u> |

Supplemental Disclosure of Cash Flow Information:

| | | |
|-------------------------------|----|-----|
| Cash Paid during the year for | | |
| Income Taxes | \$ | 800 |
| Interest | | - |

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

Gerwin Group, Inc.
Notes to Financial Statements
December 31, 2005

Note 1: GENERAL & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Gerwin Group, Inc. (the company) was formed as a California Corporation on August 22, 1988, Under the name Gerwin Stinziano Securities, Inc., to engage in business as a broker/dealer for direct participation programs ("DPP"). On December 6, 2000 the Company changed its name to Gerwin Group, Inc. The Company is a member of the National Association of Securities Dealers, Inc. ("NASD") and the Securities Investor Protection Corporation ("SIPC").

The Company primary sells mutual funds, fixed and variable annuities and life insurance. The Company has about 1,000 clients with no one client contributing and undue concentration risk. The majority of the clients are in California, but there are some in Arizona, Illinois, Michigan and Ohio.

Summary of Significant Accounting Policies

The presentation of financial statements with accounting principle 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 report amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

For the purpose of the Statement of Cash Flows, cash and cash equivalents are defined as demand deposits at banks and cash deposits in money markets funds.

Securities transactions are recorded on trade date basis with related commission income and expenses also recorded on a trade basis.

Advertising cost is expensed as incurred.

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. Deferred tax expenses or benefits are recognized in the financial statements for the change in net deferred tax assets or liabilities between years.

Gerwin Group, Inc.
Notes to Financial Statements
December 31, 2005

Note 2: INCOME TAXES

For the year ended December 31, 2005 the company recorded the minimum California Franchise Tax of \$800.

The Company has available at December 31, 2005, unused operating loss carry-forwards, which may be applied against future taxable income

| Amount of unused Operating Loss Carry-forwards | Expiration During Year Ended December 31, |
|---------------------------------------------------------------|----------------------------------------------------------|
| \$20,268 | 2016 |
| 8,407 | 2018 |
| 3,197 | 2019 |
| 2,183 | 2023 |
| 10,280 | 2025 |
| <hr/> | |
| \$44,335 | |
| <hr/> | |

A 100% valuation allowance has been established against this asset since management cannot determine if it is more likely than not that the asset will be realized.

Note 3: RELATED PARTY TRANSACTIONS

The company shares facilities and the staff with Syndicapital, Inc. a company wholly owned by the stockholder of Gerwin Group, Inc. These companies are party to a management agreement whereby Syndicapital, Inc. Provides office space, furniture and equipment, management services, and pays certain operating expenses on behalf of the Company. The agreement between the two companies is verbal and there is not lease/sublease for the space occupied by the Company. The Company is charged a management fee by Syndicapital, Inc. per this agreement. For the year ended December 31, 2005 the Company paid Syndicapital, Inc \$2,475 for management fees. No amount were due under this agreement as of December 31, 2005.

Gerwin Group, Inc.
Notes to Financial Statements
December 31, 2005

Note 4: RECENTLY ISSUED ACCOUNTING STANDARDS

In January 2003, the FABS issued Interpretation 46 Consolidation of Variable Interest Entities. In general, a variable interest entity is a corporation, partnership, trust or any legal structure used for business purposes that either (a) does not have interest entity investors with voting rights nor (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. Interpretation 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both.

The consolidation requirements of interpretation 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements applied to transactions entered into prior to February 1, 2003 in the first fiscal year or interim period beginning after June 15, 2003.

Certain of the disclosures requirements apply in all financial statements issued after January 31, 2003 regardless of when the variable interest entity was established. The adoption of the interpretation on July 1, 2003 did not have a material impact on the Company's financial statements.

In April 2003, the FABS issued SFABS 150 Accounting for Certain Financial Instruments with characteristic of both Liabilities and Equity. The statement established standards for how an issuer classifies and measure certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as liability (or an asset in some circumstances). It is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of this statement did not have a material impact on the Company's financial statements.

Note 5: NET CAPITAL REQUIREMENTS

The company is subject to the uniform capital rule (Rule 15c3-1) of the Securities and Exchange Commission, which requires both the maintenance of minimum net capital and the maintenance of a maximum ratio of aggregate indebtedness to net capital. Net capital and aggregate indebtedness change day to day, but by December 31, 2005 the Company's net capital of \$ 6,803 exceeded the minimum net capital requirement by \$1, 803 and the Company's ratio of aggregate indebtedness (\$4,694) to net capital was .69:1

Note 6: RECONCILIATION OF AUDITED NET CAPITAL TO UNAUDITED FOCUS

There is a difference between the computation of Net capital under Net Capital Sec. Rule 15c3-1 and the corresponding unaudited focus part IIA.

| | |
|------------------------------------|---------|
| Net Capital per Unaudited schedule | \$6,803 |
| Net Capital per Audited Statements | \$6,803 |

Gerwin Group, Inc
Schedule I - Computation of Net Capital Requirements
Persuant to Rule 15c3-1
As of December 31, 2005

Computation on Net Capital:

| | | | |
|---------------------------------------------|----|-----------------|------------------------|
| Stockholder's Equity | | | |
| Common Stock | \$ | 10,000 | |
| Additonal Paid-In Capital | | 62,350 | |
| Accumulated Deficit | | <u>(50,187)</u> | |
| Total Stockholder Equity | | | \$ 22,163 |
| | | | |
| Less: Non Allowable Assets | | | |
| Concessions receivable greater than 30 days | | 0 | |
| Total Adjustments | | | 0 |
| Net Capital Before Haircuts | | | \$ 6,927 |
| | | | |
| Less: Haircuts and undue Concentration | | | |
| Haircuts on money market accounts | \$ | (124) | |
| Total Haircuts | | | (124) |
| Net Capital | | | <u><u>\$ 6,803</u></u> |

Computation of net capital requirements:

| | | | |
|-----------------------------------------|----|--------------|------------------------|
| Minium Net Capital Requirements | | | |
| 6 2/3 percent of aggregate indebtedness | \$ | 326 | |
| Minimum dollar Net Capital required | \$ | <u>5,000</u> | |
| Net Capital required, greater or above | | | <u>5,000</u> |
| Excess Net Capital | | | <u><u>\$ 1,803</u></u> |

Ratio of aggregate indebtedness to Net Capital 0.69:1

See independent Auditor's Report

Gerwin Group, Inc.
Schedule II – computation for Determination of Reserve Requirements
Pursuant Rule 15c3-1
December 31, 2005

A computation of reserve requirements is not applicable to Gerwin Group, Inc. as the company qualifies for exemption under Rule 15c3-1 (k)(2)(i).

See Independent Auditor's Report.

Gerwin Group, Inc.
Schedule III – Information Relating to Possession or Control Requirements
Pursuant to Rule 15c3-1
December 31, 2005

Information related to possession or control Requirements is not applicable to Gerwin Group, Inc. as the Company qualifies for exemption under Rule 15c3-1 (k)(2)(i).

See Independent Auditor's Report.