

8/1/06

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



06009345

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

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

CM

SEC FILE NUMBER
8-39857

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 4/1/04 AND ENDING 12/31/04
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Gregory, Bent & Swanson Inc
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

David Culp + Co

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

PROCESSED

(Address) (City) (State) (Zip Code)

CHECK ONE:

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

SEP 22 2006
THOMSON FINANCIAL
AUG 1 2006
BRANCH OF REGISTRATIONS AND EXAMINATIONS

FOR OFFICIAL USE ONLY

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

SEC 1410 (06-02)

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GREGORY, ZENT & SWANSON INC.

AUDIT REPORT

DECEMBER 31, 2004

CONTENTS

	Page No.
Independent auditors' report	1
Statement of financial condition	2
Statement of income	3
Statement of changes in stockholders' equity	4
Statement of changes in liabilities subordinated to claims of general creditors	5
Statement of cash flows	6
Notes to financial statements	7
Computation of net capital under rule 15c3-1 of the Securities and Exchange Commission	10
Computation for determination of reserve requirements under rule 15c3-3	11
Report on internal control required by SEC Rule 17a-5 for a broker-dealer claiming an exemption from SEC Rule 15c3-3	12

Board of Directors
Gregory, Zent & Swanson Inc.
Fort Wayne, Indiana

Independent Auditors' Report

We have audited the accompanying statement of financial condition of Gregory, Zent & Swanson Inc., an Indiana corporation, as of December 31, 2004, and the related statements of income, changes in stockholders' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities and Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 Gregory, Zent & Swanson Inc. as of December 31, 2004, and the results of their operations and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in pages ten through eleven 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 Act of 1934. Such information has been subjected to the auditing procedures applied in the examination 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.



David Culp & Co.
Certified Public Accountants

Fort Wayne, Indiana
January 13, 2005

GREGORY, ZENT & SWANSON INC.

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2004

ASSETS

Cash on hand and in bank - Note 2	\$224,038
Income taxes receivable	9,707
Prepaid expenses	29,469
Other assets - Note 3	4,715
Furniture and fixtures, at cost, less accumulated depreciation of \$88,724	<u>55,438</u>
 Total assets	 \$323,367 =====

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:

Accounts payable	\$ 5,286
Commissions payable - Note 4	35,004
Payroll taxes accrued and withheld	44,219
Accrued expenses	8,204
Deferred income taxes - Note 5	<u>4,602</u>
 Total liabilities	 <u>97,315</u>

Stockholders' Equity:

Common stock - Note 6	
Authorized - 1,000 shares with no par value	
Issued - 595 shares with 585 outstanding	59,500
Retained earnings	169,768
Treasury stock - 10 shares	<u>(3,216)</u>
 Total stockholders' equity	 <u>226,052</u>

Total liabilities and stockholders' equity	\$323,367 =====
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The accompanying notes are an integral part of these financial statements.

GREGORY, ZENT & SWANSON INC.STATEMENT OF INCOMEFOR THE YEAR ENDED DECEMBER 31, 2004Revenues -

Commissions and management fees	\$1,394,919
Interest and dividend income	<u>4,790</u>
Total revenues	<u>1,399,709</u>

Expenses -

Commissions - Note 4	629,709
Transaction fees	172,163
Salaries and wages	155,980
Office supplies	32,447
Rent	19,317
Telephone	13,716
Computer services	72,034
Depreciation	11,169
Licenses and permits	9,203
Legal and professional	13,096
Payroll and property taxes	32,787
Travel and entertainment	51,775
Dues and subscriptions	18,611
Utilities	5,620
Insurance	22,235
Education	628
Marketing and advertising - Note 1	8,403
Employee benefits - Note 8	25,817
Donations	1,940
Investment advisory services	67,440
Bank charges	58
Contract labor	653
Employee recruitment	944
Loss on disposal of stock warrants	<u>1,100</u>
Total expenses	<u>1,366,845</u>

<u>Income before income taxes</u>	32,864
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<u>Income taxes - Note 9</u>	<u>10,932</u>
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<u>Net income</u>	\$ 21,932 =====
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The accompanying notes are an integral part of these financial statements.

- David Culp & Co., Certified Public Accountants -

GREGORY, ZENT & SWANSON INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Capital Stock</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	<u>Total</u>
Balance, at January 1, 2004	\$59,500	\$147,836	\$(3,216)	\$204,120
Net income	<u>-</u>	<u>21,932</u>	<u>-</u>	<u>21,932</u>
Balance at December 31, 2004	<u>\$59,500</u> =====	<u>\$169,768</u> =====	<u>\$(3,216)</u> =====	<u>\$226,052</u> =====

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

- David Culp & Co., Certified Public Accountants -

GREGORY, ZENT & SWANSON INC.

STATEMENT OF CHANGES IN LIABILITIES

SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

FOR THE YEAR ENDED DECEMBER 31, 2004

Subordinated liabilities at January 1, 2004	\$	-
Increases		-
Decreases -		-
Payment of subordinated note		-
Subordinated liabilities at December 31, 2004	\$	-
	=====	

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

- David Culp & Co., Certified Public Accountants -

GREGORY, ZENT & SWANSON INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2004

Cash flows from operating activities:

Net income	\$ 21,932
Adjustments to reconcile net income to net cash provided by operating activities -	
Depreciation	11,169
Loss on unexercised stock warrants	1,100
(Increase) in income taxes receivable	(9,707)
(Increase) in prepaid expenses	(8,932)
Decrease in other assets	8,725
Increase in payroll taxes accrued and withheld	26,398
(Decrease) in accounts payable	(7,645)
(Decrease) in accrued expenses	(496)
Increase in deferred income taxes	6,665
(Decrease) in commissions payable	(2,982)
Net cash provided by operating activities	<u>46,227</u>

Cash flows from investing activities:

Purchase of furniture and fixtures	<u>(38,962)</u>
Net cash (used in) investing activities	<u>(38,962)</u>

Net increase in cash and cash equivalents 7,265

Cash and cash equivalents at beginning of year 216,773

Cash and cash equivalents at end of year \$224,038
=====

Supplemental disclosures of cash flow information:

Cash paid during the year for -	
Income taxes	\$ 21,613
	=====

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

GREGORY, ZENT & SWANSON INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

Note 1: Accounting policies -

Method - The accounts are maintained on the accrual basis.

Nature of business - The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of various exchanges and the National Association of Securities Dealers (NASD). The Company services clients predominately located in Northeastern Indiana.

Use of estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Customers' securities - Transactions and related commission income and expenses are recorded on a settlement date basis.

Marketable securities - Marketable securities are valued at market value. The resulting difference between cost and market is included in income.

Depreciation - Depreciation is provided on a straight-line basis using estimated useful lives of five to ten years. Depreciation for the year ended December 31, 2004 was \$11,169.

Statement of cash flows - For purposes of the statement of cash flows, the Company considers investments in money market funds to be cash equivalents. Cash and cash equivalents at December 31, 2004 consisted of the following:

Cash on hand and in bank	\$224,038
	=====

Advertising - The Company expenses advertising as incurred. Advertising expense was \$2,295 for the year ended December 31, 2004.

Note 2: Significant concentrations of credit risk - The Company maintains cash accounts at Tower Bank and Pershing, LLC. Amounts not under FDIC coverage reside at Pershing, LLC and total \$209,382 at December 31, 2004.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2004

Note 3: Other assets - The Company owned 600 warrants to purchase 600 shares of NASDAQ stock, exercisable in tranches of 300 shares on or before June 28, 2004 and 2005. The Company did not exercise the option to purchase 300 shares in 2004. The Company intends to hold the remaining warrants to purchase NASDAQ stock for voting, information and research purposes.

Note 4: Related party transactions - Commissions payable at December 31, 2004 of \$32,141 are owed to stockholders of the Corporation. Commissions paid to the stockholders during 2004 were \$496,990.

Note 5: Deferred income taxes - Deferred income taxes result from a timing difference in the recognition of revenues and expenses for financial reporting and income tax reporting. The principal sources of these differences are the difference between book and tax depreciation and the difference between accrual basis financial reporting versus cash basis tax reporting.

Note 6: Net capital requirement - The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (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, 2004, the Company had net capital of \$122,986, which was \$72,986 in excess of its required net capital of \$50,000. The Company's net capital ratio was .79 to 1.

Note 7: Stock Buyout Agreement - On November 13, 1996, the Corporation and shareholders of the Corporation entered into an agreement which requires the Corporation to buy the shares of a minority shareholder upon the death or disability of the shareholder. The Company also entered into an agreement with the president and vice-president of the Corporation, which requires the sale of stock to the vice-president upon the death or disability of the president.

Note 8: Employee benefit plan - The Company has a SARSEP plan covering all of its employees. All employees age 21 and over with one year of experience are eligible to participate in the Plan. The Company may contribute annually to the Plan and may also match a portion of the employees' salary reduction contributions. The Company's matching contributions were \$25,817 for the year ended December 31, 2004.

GREGORY, ZENT & SWANSON INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2004

Note 9: Income tax expense - The components of the income tax expense for the year ended December 31, 2004 are as follows:

<u>Current -</u>	
Federal	\$ 2,738
State	<u>1,529</u>
	4,267
<u>Deferred -</u>	
Federal	4,116
State	<u>2,549</u>
	6,665
 Total expense	 \$10,932 =====

The deferred tax provision results from a difference in the recognition of revenue and expenses for tax and financial statement purposes. The sources of this difference and the tax effect are as follows:

Accrual versus cash reporting	\$ 2,881
Depreciation	<u>3,784</u>
	\$ 6,665 =====

A reconciliation of the statutory income tax rates and the effective tax rate for the year ended December 31, 2004 is as follows:

Tax at statutory rate	\$ 7,304
Permanent timing differences - Nondeductible meals and entertainment	4,201
Miscellaneous timing differences	<u>(573)</u>
 Current tax provision	 \$10,932 =====

GREGORY, ZENT & SWANSON INC.

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE

SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2004

Net Capital:

Total stockholders' equity	\$226,052
Add: Liabilities subordinated to claims of general creditors allowable in computation of net capital	-

Total capital and allowable subordinated liabilities	226,052
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Deductions and/or charges -

Nonallowable assets -

Petty cash	\$ 50	
Prepaid expenses	29,468	
Other assets	4,715	
Furniture and fixtures	55,438	
Income taxes receivable	9,707	99,378

Net capital before haircuts on securities positions	126,674
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Haircuts on securities	3,688
------------------------	-------

Net capital	\$122,986
	=====

<u>Aggregate Indebtedness</u>	\$ 97,315
	=====

Computation of Basic Net Capital Requirements:

Minimum net capital required (15 to 1 ratio)	\$ 6,488
	=====

Minimum dollar net capital required (\$50,000)	\$ 50,000
	=====

Excess net capital	\$ 72,986
	=====

Ratio: Aggregate indebtedness to net capital	.79 to or 79%
	=====

Reconciliation With Company's Computation,
(included in Part II of Form X-17A-5 as of
December 31, 2004):

Net capital, as reported in Company's Part II (unaudited) -	
<u>FOCUS report</u>	\$122,986
Rounding	-

Net capital, per above	\$122,986
	=====

GREGORY, ZENT & SWANSON INC.

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS

UNDER RULE 15c3-3

AS OF DECEMBER 31, 2004

The Company is exempt from Rule 15c3-3. All customer transactions are cleared through Pershing, LLC on a fully disclosed basis.

REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5
FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3

Board of Directors
Gregory, Zent & Swanson Inc.
Fort Wayne, Indiana

In planning and performing our audit of the financial statements and supplemental schedules of Gregory, Zent & Swanson Inc. (the Company) for the year ended December 31, 2004, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, 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 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.
2. Recordation of differences required by Rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining 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 the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted 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 and 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, 2004, 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, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities and 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.



David Culp & Co.
Certified Public Accountants

Fort Wayne, Indiana
January 13, 2005