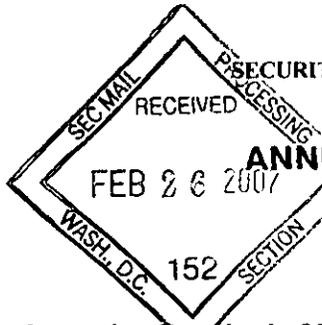




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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

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

SEC FILE NUMBER  
8- 50519

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 01/01/06 AND ENDING 12/31/06  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Heritage Capital Group, Inc.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

225 Water Street, Suite 1250

(No. and Street)

Jacksonville

Florida

32202

(City)

(State)

(Zip Code)

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

C. Donald Wiggins

(904) 354-9600

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Harbeson, Beckerleg & Fletcher

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

637 Park Street

Jacksonville

Florida

32204

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**PROCESSED**

**MAR 12 2007**

FOR OFFICIAL USE ONLY

THOMSON  
FINANCIAL

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

SEC 1410 (06-02)

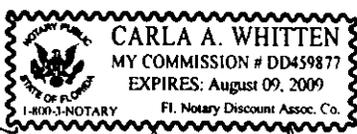
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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OATH OR AFFIRMATION

I, C. Donald Wiggins, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Heritage Capital Group, Inc., as of December 31, 20 06, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
Carla A. Whitten  
Notary Public

C. Donald Wiggins  
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 accounting control.

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

**HARBESON, BECKERLEG & FLETCHER**  
CERTIFIED PUBLIC ACCOUNTANTS  
637 PARK STREET  
JACKSONVILLE, FLORIDA 32204  
(904) 356-6023  
TELECOPIER (904) 353-5836

MEMBERS OF  
THE AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
THE FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

E. COBB HARBESON  
JOHN C. FLETCHER, JR.  
RAYMOND Z. BATEH  
M. RONALD HARGRAVES, JR.

**INDEPENDENT AUDITOR'S REPORT**

February 20, 2007

To the Board of Directors and Stockholder of  
Heritage Capital Group, Inc.

We have audited the accompanying statement of financial condition of Heritage Capital Group, Inc. (an S corporation) as of December 31, 2006, and the related statements of income (loss), changes 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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 Heritage Capital Group, Inc. as of December 31, 2006, 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 was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on Schedules I, II, III and IV is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Harbeson, Beckerleg, Fletcher*

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

**BROKER OR DEALER** Heritage Capital Group, Inc.

**N3**

100

**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND  
CERTAIN OTHER BROKERS OR DEALERS**

as of (MM/DD/YY) 12/31/06 99  
 SEC FILE NO. 50519 98  
 Consolidated   198  
 Unconsolidated X 199

**ASSETS**

Allowable

Non-Allowable

Total

1. Cash	\$ 88,227	<span style="border: 1px solid black; padding: 2px;">200</span>			\$ 88,227	<span style="border: 1px solid black; padding: 2px;">750</span>
2. Receivables from brokers or dealers:						
A. Clearance account		<span style="border: 1px solid black; padding: 2px;">295</span>				
B. Other		<span style="border: 1px solid black; padding: 2px;">300</span>	\$ <span style="border: 1px solid black; padding: 2px;">550</span>			<span style="border: 1px solid black; padding: 2px;">810</span>
3. Receivables from non-customers		<span style="border: 1px solid black; padding: 2px;">355</span>	<span style="border: 1px solid black; padding: 2px;">29,563</span>	<span style="border: 1px solid black; padding: 2px;">600</span>	<span style="border: 1px solid black; padding: 2px;">29,563</span>	<span style="border: 1px solid black; padding: 2px;">830</span>
4. Securities and spot commodities owned, at market value:						
A. Exempted securities		<span style="border: 1px solid black; padding: 2px;">418</span>				
B. Debt securities		<span style="border: 1px solid black; padding: 2px;">419</span>				
C. Options		<span style="border: 1px solid black; padding: 2px;">420</span>				
D. Other securities		<span style="border: 1px solid black; padding: 2px;">84,584</span>	<span style="border: 1px solid black; padding: 2px;">424</span>			
E. Spot commodities		<span style="border: 1px solid black; padding: 2px;">430</span>			<span style="border: 1px solid black; padding: 2px;">84,584</span>	<span style="border: 1px solid black; padding: 2px;">850</span>
5. Securities and/or other investments not readily marketable:						
A. At cost	\$ <span style="border: 1px solid black; padding: 2px;">130</span>					
B. At estimated fair value		<span style="border: 1px solid black; padding: 2px;">440</span>		<span style="border: 1px solid black; padding: 2px;">610</span>		<span style="border: 1px solid black; padding: 2px;">860</span>
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:						
A. Exempted securities	\$ <span style="border: 1px solid black; padding: 2px;">150</span>					
B. Other securities	\$ <span style="border: 1px solid black; padding: 2px;">160</span>					
7. Secured demand notes: market value of collateral:						
A. Exempted securities	\$ <span style="border: 1px solid black; padding: 2px;">170</span>					
B. Other securities	\$ <span style="border: 1px solid black; padding: 2px;">180</span>					
8. Memberships in exchanges:						
A. Owned, at market	\$ <span style="border: 1px solid black; padding: 2px;">190</span>					
B. Owned, at cost				<span style="border: 1px solid black; padding: 2px;">650</span>		
C. Contributed for use of the company, at market value				<span style="border: 1px solid black; padding: 2px;">660</span>		<span style="border: 1px solid black; padding: 2px;">900</span>
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships		<span style="border: 1px solid black; padding: 2px;">480</span>		<span style="border: 1px solid black; padding: 2px;">670</span>		<span style="border: 1px solid black; padding: 2px;">910</span>
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization		<span style="border: 1px solid black; padding: 2px;">490</span>	<span style="border: 1px solid black; padding: 2px;">1,046</span>	<span style="border: 1px solid black; padding: 2px;">680</span>	<span style="border: 1px solid black; padding: 2px;">1,046</span>	<span style="border: 1px solid black; padding: 2px;">920</span>
11. Other assets		<span style="border: 1px solid black; padding: 2px;">535</span>	<span style="border: 1px solid black; padding: 2px;">8,323</span>	<span style="border: 1px solid black; padding: 2px;">735</span>	<span style="border: 1px solid black; padding: 2px;">8,323</span>	<span style="border: 1px solid black; padding: 2px;">930</span>
12. TOTAL ASSETS	\$ <span style="border: 1px solid black; padding: 2px;">172,811</span>	<span style="border: 1px solid black; padding: 2px;">540</span>	\$ <span style="border: 1px solid black; padding: 2px;">38,932</span>	<span style="border: 1px solid black; padding: 2px;">740</span>	\$ <span style="border: 1px solid black; padding: 2px;">211,743</span>	<span style="border: 1px solid black; padding: 2px;">940</span>

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See Independent Auditor's Report and Notes to Financial Statements.

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

**BROKER OR DEALER**

Heritage Capital Group, Inc.

as of 12/31/06

**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING  
AND CERTAIN OTHER BROKERS OR DEALERS**

**LIABILITIES AND OWNERSHIP EQUITY**

<u>Liabilities</u>	<u>A.I. Liabilities</u>	<u>Non-A.I. Liabilities</u>	<u>Total</u>
13. Bank loans payable.....	\$ 1045	\$ 1255	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account.....	1114	1315	1560
B. Other.....	13,958	1305	13,958
15. Payable to non-customers.....	1155	1355	1610
16. Securities sold not yet purchased, at market value.....		1360	1620
17. Accounts payable, accrued liabilities, expenses and other.....	41,997	1385	41,997
18. Notes and mortgages payable:			
A. Unsecured.....	1210		1690
B. Secured.....	1211	1390	1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:			
1. from outsiders \$.....	970		
2. Includes equity subordination (15c3-1 (d)) of .... \$.....	980		
B. Securities borrowings, at market value:...			
from outsiders \$.....	990	1410	1720
C. Pursuant to secured demand note collateral agreements:.....			
1. from outsider: \$.....	1000	1420	1730
2. -Includes equity subordination (15c3-1 (d)) of .... \$.....	1010		
D. Exchange memberships contributed for use of company, at market value.....		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes.....	1220	1440	1750
20. <b>TOTAL LIABILITIES</b> .....	\$ 55,955	\$ 1450	\$ 55,955

**Ownership Equity**

21. Sole proprietorship.....		\$ 1770
22. Partnership (limited partners).....	\$ 1020	\$ 1780
23. Corporation:		
A. Preferred stock.....		1791
B. Common stock.....		100
C. Additional paid-in capital.....		10,250
D. Retained earnings.....		145,438
E. Total.....		155,788
F. Less capital stock in treasury.....		1796
24. <b>TOTAL OWNERSHIP EQUITY</b> .....		\$ 155,788
25. <b>TOTAL LIABILITIES AND OWNERSHIP EQUITY</b> .....		\$ 211,743

See Independent Auditor's Report and Notes to Financial Statements.

OMIT PENNIES

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

**BROKER OR DEALER** Heritage Capital Group, Inc.

For the period (MMDDYY) from 01/01/06 3932 to 12/31/06 3933  
 Number of months included in this statement 12 3931

**STATEMENT OF INCOME (LOSS)**

**REVENUE**

1. Commissions:			
a. Commissions on transactions in exchange listed equity securities executed on an exchange .....	\$		3935
b. Commissions on listed option transactions .....	✓		3938
c. All other securities commissions .....			3939
d. Total securities commissions .....			3940
2. Gains or losses on firm securities trading accounts			
a. From market making in options on a national securities exchange .....			3945
b. From all other trading .....			3949
c. Total gain (loss) .....			3950
3. Gains or losses on firm securities investment accounts .....		6,134	3952
4. Profit (loss) from underwriting and selling groups .....	✓		3955
5. Revenue from sale of investment company shares .....			3970
6. Commodities revenue .....			3990
7. Fees for account supervision, investment advisory and administrative services .....			3975
8. Other revenue .....		1,283,951	3995
9. Total revenue .....	\$	1,290,085	4030

**EXPENSES**

10. Salaries and other employment costs for general partners and voting stockholder officers .....	\$		4120
11. Other employee compensation and benefits .....	✓		4115
12. Commissions paid to other broker-dealers .....			4140
13. Interest expense .....			4075
a. Includes interest on accounts subject to subordination agreements .....		4070	
14. Regulatory fees and expenses .....		2,178	4195
15. Other expenses .....		1,187,116	4100
16. Total expenses .....	\$	1,189,294	4200

**NET INCOME**

17. Net income (loss) before Federal income taxes and Items below (Item 9 less Item 16) .....	\$	100,791	4210
18. Provision for Federal income taxes (for parent only) .....	✓		4220
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above .....			4222
a. After Federal income taxes of .....		4238	
20. Extraordinary gains (losses) .....			4224
a. After Federal income taxes of .....		4239	
21. Cumulative effect of changes in accounting principles .....			4225
22. Net income (loss) after Federal income taxes and extraordinary items .....	\$	100,791	4230

**MONTHLY INCOME**

23. Income (current month only) before provision for Federal income taxes and extraordinary items .....	\$	N/A	4211
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See Independent Auditor's Report and Notes to Financial Statements.

**HERITAGE CAPITAL GROUP, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**Year Ended December 31, 2006**

	<b><u>Common Stock</u></b>	<b><u>Additional Paid-in Capital</u></b>	<b><u>Retained Earnings</u></b>	<b><u>Total</u></b>
Balance at December 31, 2005	\$100	\$ -	\$ 52,775	\$ 52,875
Net income	-	-	100,791	100,791
Capital contributions	-	10,250	-	10,250
Distributions	<u>-</u>	<u>-</u>	<u>(8,128)</u>	<u>(8,128)</u>
Balance at December 31, 2006	<u>\$100</u>	<u>\$10,250</u>	<u>\$145,438</u>	<u>\$155,788</u>

See Independent Auditor's Report and Notes to Financial Statements.

**HERITAGE CAPITAL GROUP, INC.**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2006**

Cash flows from operating activities:	
Net income	\$100,791
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	481
Unrealized gain on marketable securities	(6,134)
Increase in receivables	(23,788)
Increase in other assets	(500)
Decrease in accounts payable and accrued expenses	(28,915)
Increase in other liabilities	<u>1,653</u>
Net cash provided by operating activities	<u>43,588</u>
 Cash flows from investing activities:	
Purchase of marketable securities	(1,946)
Repayment of loan to stockholder	<u>10,000</u>
Net cash provided by investing activities	<u>8,054</u>
 Cash flows from financing activities:	
Distributions to stockholder	<u>(8,128)</u>
Net cash used for financing activities	<u>(8,128)</u>
 Net increase in cash and cash equivalents	43,514
 Cash and cash equivalents, beginning of year	<u>44,713</u>
 Cash and cash equivalents, end of year	<u>\$ 88,227</u>

Supplemental schedule of noncash investing and financing activities:

The Company recorded capital contributions of \$10,250 in connection with the payment of certain accounts payable owed to an affiliated entity wholly owned by the Company's stockholder.

**HERITAGE CAPITAL GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2006

**Note 1 - Nature of Operations:**

Heritage Capital Group, Inc. (the Company) is a licensed broker-dealer engaged primarily in providing consulting services related to mergers and acquisitions of commercial businesses. The Company also acts as a broker of mutual funds to 401(k) plans, other institutions and high net-worth clients.

**Note 2 - Summary of Significant Accounting Policies:**

**Revenue Recognition**

Consulting income is recorded as earned when the services are rendered. Commission income related to mergers and acquisitions is recorded upon the closing of the transaction.

**Accounts Receivable**

The Company considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

**Marketable Securities**

The Company's investments in marketable securities are reported at fair value, and unrealized gains and losses are included in net earnings.

**Property and Depreciation**

Office furniture and equipment are recorded at cost. Depreciation of office furniture and equipment is provided using accelerated methods over the estimated useful lives of the assets.

**Income Taxes**

Effective January 1, 1999, the Company elected S corporation status under the Internal Revenue Code. Accordingly, the Company incurs no income tax obligations and the financial statements do not include a provision for income taxes. Corporate earnings and losses are included in the personal income tax return of the stockholder and are taxed depending on his personal tax strategies. The Company uses the cash basis of accounting for income tax purposes and the accrual basis for financial statement purposes.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

See Independent Auditor's Report.

**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 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.

**Note 3 - Net Capital Requirements:**

Pursuant to the Securities Exchange Act of 1934, the Company, as a registered broker-dealer, is required to maintain a minimum net capital, as defined under such provisions. Regulatory agencies are empowered to restrict the Company's business activities should its net capital ratio, as defined, exceed 15 to 1. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2006, the Company had net capital of \$104,168 and a net capital requirement of \$5,000. The Company's net capital ratio was .54 to 1 at December 31, 2006. Accordingly, the Company was in compliance with its net capital requirements at December 31, 2006.

**Note 4 - Furniture and Equipment:**

Furniture and equipment are summarized as follows:

	<u>Use Life</u>	
Office and computer equipment	5-7	\$30,049
Furniture and fixtures	5-7	<u>6,761</u>
		36,810
Less accumulated depreciation		<u>(35,764)</u>
		<u>\$ 1,046</u>

Depreciation totaled \$481 for the year ended December 31, 2006.

**Note 5 - Related Party Transactions:**

The Company has an agreement with Business Valuation, Inc. (BVI), a corporation wholly owned by the Company's stockholder, in which each company shares rent and certain other occupancy costs related to its common office space. The Company also, at times, incurs certain expenses related to certain BVI analysts providing subcontractor services. Under the agreement, however, the Company is relieved of its share of these costs if such payment would result in the Company's net capital falling below 120% of its minimum requirement under SEC Rule 15c3-1 (See Note 3).

See Independent Auditor's Report.

Rent expense incurred under the agreement totaled \$51,973 for the year ended December 31, 2006. None of the rent or other shared office expenses were forgiven under its agreement with BVI for the year ended December 31, 2006. At December 31, 2006, the Company owed BVI \$31,368 for rent, shared office costs and analysts' subcontractor expenses not yet reimbursed, which is included in accounts payable and accrued expenses.

On May 4, 2005, the Company loaned \$10,000 to its sole stockholder. The unsecured note bore interest at 2.5% per annum, payable quarterly, and was due upon demand. The Company's stockholder repaid the loan in July 2006.

**Note 6 - Concentrations of Credit Risk:**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. The Company places its cash with high quality financial institutions. Generally, the Company does not require collateral on its customer receivables since it has never experienced, nor does it anticipate, future nonperformance by any of its customers.

For the year ended December 31, 2006, commissions related to three clients' merger and acquisition transactions accounted for approximately 71% of total revenues.

SCHEDULE I

FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER

Heritage Capital Group, Inc.

as of 12/31/06

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition.....	\$	155,788	3480
2. Deduct ownership equity not allowable for Net Capital.....	▼		3490
3. Total ownership equity qualified for Net Capital.....		155,788	3500
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital.....			3520
B. Other (deductions) or allowable credits (List).....			3525
5. Total capital and allowable subordinated liabilities.....	\$	155,788	3530
6. Deductions and/or charges:			
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C) \$.....	▼	38,932	3540
B. Secured demand note deficiency.....			3590
C. Commodity futures contracts and spot commodities- proprietary capital charges.....			3600
D. Other deductions and/or charges.....			3610
7. Other additions and/or allowable credits (List).....		38,932	3620
8. Net capital before haircuts on securities positions.....			3630
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):	▼		3640
A. Contractual securities commitments.....	\$		3660
B. Subordinated securities borrowings.....			3670
C. Trading and investment securities:			
1. Exempted securities.....	▼		3735
2. Debt securities.....			3733
3. Options.....			3730
4. Other securities.....		12,688	3734
D. Undue Concentration.....			3650
E. Other (List).....			3736
10. Net Capital.....	\$	104,168*	3750

OMIT PENNIES

\*Reconciliation of Company's computation of net capital to auditor's computation of net capital:

Net capital, as reported in Company's Part IIA (unaudited) FOCUS report	\$	119,734
Haircut adjustment on securities		(633)
Audit adjustments:		
To record additional accrued expenses		(14,933)
Net capital above	\$	104,168

See Independent Auditor's Report and Notes to Financial Statements.

SCHEDULE II

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

**BROKER OR DEALER** Heritage Capital Group, Inc.

as of 12/31/06

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

**Part A**

11. Minimum net capital required (6-2/3% of line 19) .....	\$	3,730	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) .....	\$	5,000	3758
13. Net capital requirement (greater of line 11 or 12) .....	\$	5,000	3760
14. Excess net capital (line 10 less 13) .....	\$	99,168	3770
15. Excess net capital at 100% (line 10 less 10% of line 19) .....	\$	98,572	3780

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

16. Total A.I. liabilities from Statement of Financial Condition .....	\$	55,955	3790
17. Add:			
A. Drafts for immediate credit .....	\$	3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited .....	\$	3810	
C. Other unrecorded amounts (List) .....	\$	3820	3830
19. Total aggregate indebtedness .....	\$	55,955	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10) .....	%	53.7	3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d) .....	%	35.9	3860

**COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT**

**Part B**

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits .....	\$	N/A	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
24. Net capital requirement (greater of line 22 or 23) .....	\$		3760
25. Excess net capital (line 10 less 24) .....	\$		3910
26. Net capital in excess of:			
5% of combined aggregate debit items or \$120,000 .....	\$	N/A	3920

OMIT PENNIES

**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 note 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.

See Independent Auditor's Report and Notes to Financial Statements.

SCHEDULE III

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER Heritage Capital Group, Inc.

For the period (MMDDYY) from 01/01/06 to 12/31/06

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

1. Balance, beginning of period .....		\$	52,875	4240
A. Net income (loss) .....			100,791	4250
B. Additions (Includes non-conforming capital of .....	4262		10,250	4260
C. Deductions (Includes non-conforming capital of .....	4272		(8,128)	4270
2. Balance, end of period (From item 1800) .....		\$	155,788	4290

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period .....		\$	N/A	4300
A. Increases .....				4310
B. Decreases .....				4320
4. Balance, end of period (From item 3520) .....		\$	N/A	4330

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER Heritage Capital Group, Inc.

as of 12/31/06

Exemptive Provision Under Rule 15c3-3

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

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 .....	X	4560
C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm <input type="text" value="4335"/>		4570
D. (k) (3)—Exempted by order of the Commission .....		4580

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 Proposed withdrawal or Accrual See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be With- drawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (yes or no)
4600	4601	4602	4603	4604	4605
4610	4611	4612	4613	4614	4615
4620	4621	4622	4623	4624	4625
4630	4631	4632	4633	4634	4635
4640	4641	4642	4643	4644	4645
4650	4651	4652	4653	4654	4655
4660	4661	4662	4663	4664	4665
4670	4671	4672	4673	4674	4675
4680	4681	4682	4683	4684	4685
4690	4691	4692	4693	4694	4695
TOTAL \$			N/A	4699	

OMIT PENNIES

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

See Independent Auditor's Report and Notes to Financial Statements.

**HARBESON, BECKERLEG & FLETCHER**

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**INDEPENDENT AUDITOR'S REPORT**  
**ON INTERNAL CONTROL**  
**REQUIRED BY SEC RULE 17a-5**

MEMBERS OF  
THE AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
THE FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

February 20, 2007

To the Board of Directors and Stockholder of  
Heritage Capital Group, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of Heritage Capital Group, Inc. for the year ended December 31, 2006, 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 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 making the quarterly securities examinations, counts, verifications and comparisons, recordation of differences required by Rule 17a-13 and 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 accordance 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.

To the Board of Directors and Stockholder of  
Heritage Capital Group, Inc.  
February 20, 2007  
Page Two

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 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, except for:

The size of the business and limited number of employees imposes practical limitations on the effectiveness of those internal control procedures that depend on the segregation of duties. Since this condition is inherent in the size of the Company, the specific weaknesses are not described herein and no corrective action has been taken or proposed by the Company.

The foregoing condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of Heritage Capital Group, Inc. for the year ended December 31, 2006, and this report does not effect our report thereon dated February 20, 2007.

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, 2006, to meet the SEC's objectives.

To the Board of Directors and Stockholder of  
Heritage Capital Group, Inc.  
February 20, 2007  
Page Three

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers 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.

*Harbeson, Beckerleg & Fletcher*

*END*