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

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OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden hours per response......	12.00

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

SEC FILE NUMBER
8-29418

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 4/1/07 (MM/DD/YY) AND ENDING 3/31/08 (MM/DD/YY)

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Curbstone Financial Management Corp.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

741 Chestnut Street
(No. and Street)

Manchester (City) NH (State) 03104 (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Thomas M. Lewry, CFP 603-624-8462
(Area Code – Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Roy & Bentas CPAs, P.C.
(Name – *if individual, state last, first, middle name*)

697A Union Street (Address) Manchester (City) NH (State) 03104-3632 (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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**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)*

5/29

OATH OR AFFIRMATION

I, Thomas M. Lewry, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Curbstone Financial Management Corporation, as of March 31, 2008, 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:

Signature

President

Title

Notary Public

LORI ANN FOURNIER, Notary Public
My Commission Expires April 9, 2013

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

- [x] (a) Facing Page.
- [x] (b) Statement of Financial Condition.
- [x] (c) Statement of Income (Loss).
- [x] (d) Statement of Changes in Financial Condition.
- [x] (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- [ ] (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- [x] (g) Computation of Net Capital.
- [ ] (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- [x] (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.
- [x] (l) An Oath or Affirmation.
- [ ] (m) A copy of the SIPC Supplemental Report.
- [x] (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).*

CURBSTONE FINANCIAL MANAGEMENT CORPORATION
COMPUTATION OF NET CAPITAL
MARCH 31, 2008

	Allowable Assets	Focus Report Part IIA
Cash and Cash Equivalents	$140,918	$140,919
	Non-Allowable Assets	
Accounts Receivable	5,556	0
Prepaid Expenses	203	0
Furniture & Fixtures	662	6,093
Computer Equipment	13,949	20,882
Stock Exchange Seat	9,500	9,500
Sub-total of Non-Allowable Assets	29,870	36,475
Total Assets	**$170,788**	**$177,394**
Liabilities	**$ 17,832**	**$ 10,023**
Common Stock	$ 10,200	$ 10,200
Additional Paid-in Capital	258,415	258,415
Retained Earnings (Deficit)	(115,659)	(101,244)
Total	**$152,956**	**$167,371**
Total Assets	$170,788	$177,394
Total Liabilities		10,023
	17,832	
Net Worth	152,956	167,371
Non-Allowable Assets	29,870	36,475
Current Net Capital	123,086	130,896
Haircuts	582	582
Net Capital	122,504	130,314
Required Capital	50,000	50,000
Excess Net Capital	**$ 72,504**	**$ 80,314**

NOTE: The major differences were as a result of depreciation expense, and accounts receivable and accounts payable. No material inadequacies were found to exist since the previous audit of March 31, 2007.

George Bentas

George Bentas, CPA
ROY & BENTAS CPAs, P.C.
Certified Public Accountants

ROY & BENTAS CPAs, P.C.
Certified Public Accountants
697A Union Street, Manchester, NH 03104-3632
Telephone (603) 625-5715 or (603) 626-1040; Fax (603) 625-5717

Item (e) – Statement of changes in Stockholders' Equity

	March 31, 2008	March 31, 2007
Common Stock	$ 10,200	$ 10,200
Additional Paid-in Capital	258,415	258,415
Retained Earnings (Deficit)	(115,659)	(123,561)
Total	**$152,956**	**$ 145,054**

Item (i) – Curbstone is exempt by K2II.

Item (n) – No material differences existed.

George Bentas

George Bentas, CPA
ROY & BENTAS CPAs, P.C.
Certified Public Accountants

CURBSTONE FINANCIAL
MANAGEMENT CORPORATION

Audited Financial Statements
And Supplemental Information

For The Years Ended
March 31, 2008 and 2007

CURBSTONE FINANCIAL MANAGEMENT CORPORATION

(See Independent Auditor's Report)

Table of Contents

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INDEPENDENT AUDITOR'S REPORT

To the Stockholder and Board of Directors
of **Curbstone Financial Management Corporation**
Manchester, New Hampshire

We have audited the accompanying balance sheets of Curbstone Financial Management Corporation (a New Hampshire corporation) as of March 31, 2008 and 2007 and the related statements of operations and retained earnings (deficit), and cash flows for the years 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 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 included 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 Curbstone Financial Management Corporation as of March 31, 2008 and 2007, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

George Bentas, CPA

Roy & Bentas CPAs, P.C.
Certified Public Accountants
Manchester, New Hampshire

May 14, 2008.

CURBSTONE FINANCIAL MANAGEMENT CORPORATION
BALANCE SHEETS
MARCH 31, 2008 AND 2007

ASSETS

		2008		2007
Current Assets:				
Cash and Cash Equivalents	$	140,918	$	119,040
Accounts Receivable		5,556		0
Prepaid Expenses		203		1,000
Total Current Assets		146,677		120,040
Fixed Assets:				
Total Equipment and Furniture		81,070		241,299
Less: Accumulated Depreciation		(66,459)		(219,641)
Net Fixed Assets		14,611		21,658
Other Assets:				
Stock Exchange Seat		9,500		9,500
Total Other Assets		9,500		9,500
Total Assets	**$**	**170,788**	**$**	**151,198**

LIABILITIES AND STOCKHOLDERS' EQUITY

		2008		2007
Current Liabilities:				
Accounts Payable - Trade	$	8,978	$	5,326
Accrued Other Expenses		5,161		224
Pension Plan Payable		1,274		0
State Taxes Payable		2,419		594
Total Current Liabilities		17,832		6,144
Stockholders' Equity:				
Common Stock, par value $100, 1,000 shares authorized. 102 shares issued and outstanding.		10,200		10,200
Additional Paid-In Capital		258,415		258,415
Retained Earnings/(Deficit)		(115,659)		(123,561)
Total Stockholders' Equity		152,956		145,054
Total Liabilities and Stockholders' Equity	**$**	**170,788**	**$**	**151,198**

See Independent Auditor's Report
The accompanying notes are an integral part of this statement.

CURBSTONE FINANCIAL MANAGEMENT CORPORATION
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS (DEFICIT)
FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

Revenues:	2008	%	2007	%
Commissions and Fees	$ 1,165,225	99.9%	$ 843,380	99.8%
Interest and Dividends	1,671	0.1%	1,785	0.2%
Total Revenues	1,166,896	100.0%	845,165	100.0%
Operating Expenses:				
Selling Expenses - See Supplemental Schedule	(150,547)	-12.9%	(293,062)	-34.7%
General and Administrative Expenses - See Supplemental Schedule	(1,003,928)	-86.0%	(564,588)	-66.8%
Total Operating Expenses	(1,154,475)	-98.9%	(857,650)	-101.5%
Income (Loss) Before State Taxes	12,421	1.1%	(12,485)	-1.5%
State Taxes	4,519	0.4%	2,094	0.2%
Net Income (Loss)	$ 7,902	0.7%	$ (14,579)	-1.7%
Retained Earnings (Deficit) - Beginning	(123,561)		(108,982)	
Retained Earnings (Deficit) - Ending	**$ (115,659)**		**$ (123,561)**	

See Independent Auditor's Report
The accompanying notes are an integral part of this statement

CURBSTONE FINANCIAL MANAGEMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

Cash Flows from Operating Activities:	**2008**	**2007**
Net Income/(Loss)	$ 7,902	$ (14,579)
Adjustments to reconcile net income/(loss) to net cash flows provided by/ (used for) operating activities:		
Depreciation	34,927	4,080
(Increase) Decrease in Accounts Receivable	(5,556)	0
(Increase) Decrease in Prepaid Expenses	797	(727)
Increase (Decrease) in Accounts Payable - Trade	3,653	380
Increase (Decrease) in Accrued Other Expenses	4,937	224
Increase (Decrease) in Pension Plan Payable	1,274	(7,006)
Increase (Decrease) in State Taxes Payable	1,825	260
Total Adjustments	41,857	(2,789)
Net Cash Flows Provided by/(Used for) Operating Activities	49,759	(17,368)
Cash Flows from Investing Activities:		
Cash Purchases of Equipment and Furniture	(27,881)	(17,930)
Net Cash Flows Provided by/(Used for) Investing Activities	(27,881)	(17,930)
Cash Flows from Financing Activities:		
Proceeds from Sale of Common Stock	0	2,500
Loan to Officer	0	10,000
Net Cash Flows Provided by/(Used for) Financing Activities	0	12,500
Net Increase/(Decrease) in Cash and Cash Equivalents	21,878	(22,798)
Cash and Cash Equivalents - Beginning	119,040	141,838
Cash and Cash Equivalents - Ending	**$ 140,918**	**$ 119,040**

Supplemental Disclosures of Cash Flow Information:

Cash Paid During the Year For:		
State Corporate Taxes	$ 2,100	$ 1,834

See Independent Auditor's Report
The accompanying notes are an integral part of this statement

NOTE 1 - Summary of Significant Accounting Policies:

The following is a summary of significant accounting policies followed in the preparation of the financial statements. The policies conform to U.S. generally accepted accounting principles and have been consistently applied.

A. Nature of Business

Curbstone Financial Management Corporation (hereafter "Company") was incorporated in the State of New Hampshire on February 9, 1983. The Company's principal line of business is that of an investment management firm and financial advisor. The Company's primary mission is to meet each client's investment requirements whether it is to generate income or manage capital. The Company's customers consist of individuals, Pension Plans, Estates and Trusts located in the State of New Hampshire. The Company's office is in Manchester, New Hampshire.

B. Basis of Accounting

The Company's policy is to prepare its financial statements on the accrual basis of accounting. Revenues are recognized when earned rather than when received, and expenses are recognized when accrued rather than when cash is disbursed.

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

D. Accounts Receivable and Uncollectible Accounts

Accounts receivables are recorded at net realizable value. The Company's policy is to record bad debts when realized. The Company had no bad debts expenses for the fiscal years ended March 31, 2008 and 2007.

E. Estimates Used in the Preparation of Financial Statements

The presentation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

-Continued on Next Page-

NOTE 1 - Summary of Significant Accounting Policies - Continued:

F. Fixed Assets and Depreciation

The Company records its fixed assets on a historical cost basis. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are charged to operations as incurred, whereas major betterments are capitalized. Depreciation expense was $4,080 and $11,006, respectively. Fixed assets and accumulated depreciation consist of the following:

Description	Cost Basis	Accumulated Depreciation	Undepreciated Cost
Office Furniture & Equipment	$ 6,313	$ 5,651	$ 662
Computer Equipment	74,757	60,808	13,949
Totals	$ 81,070	$ 66,459	$ 14,611

G. Income Taxes

The Company does not record deferred tax assets and liabilities under *Statement of Financial Accounting Standards* (SFAS) No. 109 – *Accounting for Income Taxes*, because there are no temporary timing differences that would give rise to a deferred tax asset or liability for the fiscal year ended March 31, 2008 and 2007. The Company employs straight-line depreciation for both financial statement and tax purposes, and all other timing differences are permanent.

The Company's provision for New Hampshire corporate taxes in the accompanying financial statements reflects the accrued taxes currently due (or overpaid). The Company had unused tax credits applicable to the New Hampshire Business Profits Tax. The Company had $5,483 and $5,291 at March 31, 2008 and 2007, respectively in tax credits to be carried forward and applied against the New Hampshire Business Profits Tax of future years. The Company is still subject to the New Hampshire Business Enterprise Tax that is not reduced by these tax credits. Accrued New Hampshire taxes were $4,519 and $2,094, for March 31, 2008 and 2007, respectively.

H. Fair Value of Financial Instruments

Statement of Financial Accounting Standards (SFAS) No. 107, "Disclosures about Fair Value of Financial Instruments," requires the Company to disclose estimated fair values for its financial instruments. Fair value estimates, methods, and assumptions are set forth below for the Company's financial instruments.

-Continued on Next Page-

NOTE 1 - **Summary of Significant Accounting Policies - Continued:**

H. Fair Value of Financial Instruments – continued

The carrying amounts of cash, other current assets, accounts payable, accrued liabilities approximate fair value because of the short maturity of those instruments.

The Company carries its security investments at market value and unrealized gains and losses are reflected in income.

I. Advertising Costs

The Company follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the years ended March 31, 2008 and 2007 were $2,038 and $1,635.

J. Impairment of Long-Lived Assets

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets," which requires that long--lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. The measurement of the impairment loss to recognize is based on the difference between the fair value and the carrying amounts of the assets. The Company does not have any losses under SFAS #144 for the years ended March 31, 2008 and 2007.

K. Compensated Absences

For the fiscal year ended March 31, 2008, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 43, "Accounting for Compensated Absences," which requires the Company to accrue vacation pay when earned. These amounts totaled $1,155.

NOTE 2 – **Operating Lease Commitment:**

The Company occupies its office space under a triple-net lease agreement with the Company's president (See Note 3). The terms of this lease are for a period of Five (5) years from February 1, 2003 to January 31, 2008. The Company is responsible for all utilities, real estate taxes, insurance, and repairs and maintenance on the office. The lease was renewed effective April 1, 2006 at a monthly rate of $4,000, plus a 5% escalation charge effective every April 1, 2008. The Company also rented a facility in Maine at annual rate of $7,500 from the president as well. Rent expense totaled $55,700 and $67,083 for years ended March 31, 2008 and 2007, respectively.

-Continued on Next Page-

NOTE 2 – Operating Lease Commitment - continued:

The following is a schedule by years of future minimum rentals under the lease agreement in effect at March 31, 2008:

Years Ending March 31,		Office Rent
2009	$	50,400
2010	$	52,920
2011	$	55,560
2012	$	58,320

NOTE 3 – Related Party and Office Rent:

The Company has a lease agreement with its stockholder for its office space in Manchester, NH (See Note No 2). The rental payments to the stockholder/employee totaled $55,700 and $67,083 for the years ended March 31, 2008 and 2007.

NOTE 4 – Pension Plan:

The Company has a non-contributory profit-sharing plan for its qualified employees. The Company has amended and restated its plan effective April 1, 1989 for its qualified employees to a 401(k) profit sharing plan. The plan is available for company employees who meet the eligibility requirements as set forth in the plan. Discretionary Company contributions to the plan totaled $-0- and $-0- for the years ended March 31, 2008 and 2007. Required Company contributions to the plan totaled $13,535 and $9,839 for the years ended March 31, 2008 and 2007.

NOTE 5 – Net Capital and Aggregate Indebtedness:

Pursuant to S.E.C. Rule 15c3-1, the Company is required to maintain net capital of $50,000, or one-fifteenth of Aggregate Indebtedness, whichever is greater. Aggregate Indebtedness must not exceed Net Capital as those terms are defined by a ratio of more than 15 to 1. At March 31, 2008 and 2007, the Company was in compliance with this Rule.

-Continued on Next Page-

NOTE 6 – Clearing Arrangements:

Essentially all customer stock and bond transactions are introduced and cleared through Raymond James and Associates, Inc.

NOTE 7 – Common Stock and Ownership:

The Company is authorized to issue 1,000 shares of common stock. The Company has issued and outstanding one hundred-and-two (102) shares of common stock at $100 par value. Of these 102 shares, the Company's President (Thomas M. Lewry IV) owns one hundred (100) shares, an employee - Pamela Diamantis owns One (1) share, and another employee – Melvin J. Severance III owns one (1) share of Common Stock.

During the fiscal year ended March 31, 2007, Pamela Diamantis purchased one (1) share of Common Stock for $2,500. This $2,500 is allocated: $100 to par value of Common Stock and $2,400 to Additional Paid-in Capital.

NOTE 8 - Concentration of Credit Risk:

The Company held cash on deposit with a single financial institution located in Manchester, NH. These deposits at times exceed FDIC insured limits of $100,000 during the years ended March31, 2008 and 2007. Management of the Company believes the credit risk of using a single depository is not significant.

NOTE 9 – Reclassification:

During the fiscal year ended March 31, 2007, amounts totaling $2,400 were reclassified from Common Stock to Additional Paid-in Capital. These amounts represent the excess over the $100 par value that the unrelated individual paid for his one (1) share of Common Stock. The individual paid a total of $2,500 for his share of Common Stock.

SUPPLEMENTAL INFORMATION SCHEDULE

(See Independent Auditor's Report on the Supplemental Schedule)

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Certified Public Accountants
697A Union Street, Manchester, NH 03104-3632
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INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTAL SCHEDULE

To the Stockholder and Board of Directors
of **Curbstone Financial Management Corporation**
Manchester, New Hampshire

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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.

George Bentas, CPA

Roy & Bentas CPAs, P.C.
Certified Public Accountants
Manchester, New Hampshire

May 14, 2008.

CURBSTONE FINANCIAL MANAGEMENT CORPORATION
SUPPLEMENTAL SCHEDULES OF SELLING, GENERAL & ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

Selling Expenses:		2008	%	2007	%
Commissions	$	113,615	9.7%	275,261	32.6%
Travel and Entertainment		34,670	3.0%	15,179	1.8%
Advertising		2,038	0.2%	1,635	0.2%
Sales Expenses		224	0.0%	987	0.1%
Total Selling Expenses	**$**	**150,547**	**12.9%**	**293,062**	**34.7%**

General and Administrative Expenses:		2008	%	2007	%
Salary - Officer's	$	484,685	41.5%	203,600	24.1%
Salaries - General		105,454	9.0%	65,780	7.8%
Payroll Taxes		39,299	3.4%	18,634	2.2%
Rent Paid to Officer		55,700	4.8%	67,083	7.9%
Professional Services		60,716	5.2%	34,884	4.1%
Office Supplies and Expenses		9,277	0.8%	20,254	2.4%
Employee Benefits		26,154	2.2%	34,475	4.1%
Pension Plan		13,535	1.2%	9,839	1.2%
Telephone and Other Communications		7,453	0.6%	7,180	0.8%
Depreciation		34,927	3.0%	4,080	0.5%
Dues and Subscriptions		8,416	0.7%	18,485	2.2%
Building Repairs and Maintenance		32,744	2.8%	10,132	1.2%
Equipment Rental		3,696	0.3%	3,661	0.4%
Licenses and Fees		4,210	0.4%	420	0.0%
Postage		6,543	0.6%	5,299	0.6%
Utilities		12,182	1.0%	10,249	1.2%
Quotation Services		1,217	0.1%	7,050	0.8%
Real Estate Taxes		6,620	0.6%	6,732	0.8%
Insurance		14,589	1.3%	6,866	0.8%
Vehicle Expenses and Mileage		4,422	0.4%	13,040	1.5%
Officer's Life Insurance		3,521	0.3%	3,521	0.4%
Donations to Local Charities		2,167	0.2%	4,405	0.5%
Professional Education		8,478	0.7%	5,485	0.6%
Printing and Reproduction Costs		410	0.0%	3,434	0.4%
Software Updates		20,299	1.7%	0	0.0%
Discretionary Spending - President		12,934	1.1%	0	0.0%
Discretionary Spending - Employees		24,280	2.1%	0	0.0%
Total General and Administrative Expenses	**$**	**1,003,928**	**86.0%**	**564,588**	**66.8%**

See Independent Auditor's Report
The accompanying notes are an integral part of this statement

ROY & BENTAS CPAs, P.C.

Certified Public Accountants

697A Union Street, Manchester, NH 03104-3632

Telephone (603) 625-5715 or (603) 626-1040; Fax (603) 625-5717

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE

May 14, 2008

To the Board of Directors of
Curbstone Financial Management Corporation
Manchester, NH

In planning and performing our audit of the financial statements of Curbstone Financial Management Corporation for the year ended March 31, 2008 (on which we have issued our report dated May 14, 2008), we considered its internal control structure 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 structure.

Also, as required by Rule 17a-5 of the Securities and Exchange Commission (the Commission), we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Curbstone Financial Management Corporation that we considered relevant to the objectives stated in Rule 17a-5 in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 internal control structure policies and procedures 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 Commission'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 preparation of financial statements in conformity with generally accepted accounting principles. Because of inherent limitations in any internal control structure or in 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.

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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 elements does not reduce to a relatively low level the risk that errors or irregularities, in amounts that 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 courses of performing their assigned functions. However, we noted no matters involving the internal control structure that we considered 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 Commission 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 March 31, 2008 to meet the Commission's objectives.

This report is intended solely for the use of management and the Securities and Exchange Commission and should not be used for any other purpose.

George Bentas, CPA

George Bentas, CPA, MST
ROY & BENTAS CPAs, P.C.
Certified Public Accountants

END