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

SEC FILE NUMBER
8-50292

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 07/01/07 AND ENDING 06/30/08
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: SOUTHCOST INVESTMENT GROUP, Inc.

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

2700 POST OAK STE. 2375
(No. and Street)

HOUSTON, TEXAS 77056
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

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*

MC ELRAVY, KINCHEN & ASSOCIATES, P.C.
(Name - if individual, state last, first, middle name)

13831 NORTHWEST FRWY[#] HOUSTON, TX. 77040
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED
SEP 05 2008 *B*
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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)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, ROBERT J. WILSON, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SOUTHCOST INVESTMENT GROUP, as of JUNE 30, 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:



German Serrano Umana
Notary Public

Rob J Wilson
Signature
MANAGING PRINCIPAL
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.

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

SOUTHCOAST INVESTMENT GROUP, INC
FINANCIAL STATEMENTS
REPORT PURSUANT TO RULE 17A-5(d)
JUNE 30, 2008

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Independent Auditor's Report

Board of Directors and Stockholders
Southcoast Investment Group, Inc.
Houston, Texas

We have audited the accompanying statement of financial condition of Southcoast Investment Group, Inc as of June 30, 2008 and the related statement of income, changes in stockholders' equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5(d) 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 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 also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for my opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southcoast Investment Group, Inc as of June 30, 2008, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McElravy, Kinchen & Associates, P.C.

McElravy, Kinchen, & Associates, PC
Houston, Texas
August 21, 2008

Southcoast Investment Group, Inc.

STATEMENT OF FINANCIAL CONDITION

JUNE 30, 2008

ASSETS

Current assets:

Cash in bank	\$ 6,600
	<hr/>
Total assets	<u>\$ 6,600</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Equity

Common Stock, \$1 par value per share; authorized 100,000 shares; issued and outstanding 10,000 shares	\$ 10,000
Paid in Capital	68,930
Retained earnings	<u>(72,330)</u>
Total stockholders' equity	<u>6,600</u>
Total liabilities and stockholders' equity	<u>\$ 6,600</u>

Southcoast Investment Group, Inc.
STATEMENT OF INCOME
YEAR ENDED JUNE 30, 2008

Revenues:		
Commission income		\$ 23,202
Expenses		
Commission expenses		19,718
Professional fees		23,090
Other operating expenses		<u>75,153</u>
Total expenses		117,961
Loss from operations		(94,759)
Other income		
Other income		35,046
Loss before provision of income taxes		(59,713)
Income taxes benefit (expense)		<u>-</u>
Net Loss		<u><u>\$ (59,713)</u></u>

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

Southcoast Investment Group, Inc.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

YEAR ENDED JUNE 30, 2008

	Shares CS	Common Stock	Paid-In Capital	Retained Earnings	Total
Balance at June 30, 2007	10,000	\$ 10,000	\$ 54,430	\$ (12,617)	\$ 51,813
Add capital contributions	-	-	14,500	-	14,500
Net Loss for the year	-	-	-	(59,713)	(59,713)
Balance at June 30, 2008	<u>10,000</u>	<u>\$ 10,000</u>	<u>\$ 68,930</u>	<u>\$ (72,330)</u>	<u>\$ 6,600</u>

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

Southcoast Investment Group, Inc.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2008

Cash flows from operating activities:

Net Loss	\$ (59,713)
Adjustments to reconcile net loss to net cash Provided by (used for) operating activities:	
Decrease in commissions receivable	41,649
Rent expense contribution from parent	3,000
Decrease in accounts payable	<u>(1,000)</u>
Net cash provided (used) in operating activities	<u>(16,064)</u>

Cash flows from financing activities:

Contribution from Owner	<u>11,500</u>
Net cash provided (used) in financing activities	<u>11,500</u>
Net decrease in cash	(4,564)
Cash at beginning of year	<u>11,164</u>
Cash at end of year	<u><u>\$ 6,600</u></u>

Supplemental disclosures

Cash paid during the period for:

Interest	<u><u>\$ -</u></u>
Income taxes	<u><u>\$ -</u></u>

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

SOUTHCOAST INVESTMENT GROUP, INC

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Southcoast Investment Group, Inc. (the “Company”) is a Texas Corporation and is a registered broker-dealer maintaining its only office in Houston, Texas. It is subject to a minimum net capital requirement of \$5,000 under SEC Rule 15c3-1, operated pursuant to the (k)(2)(ii) exemptive provision of SEC Rule 15c3-3, and did not hold customer funds or securities. The Company is an investment banking broker dealer selling private placements.

Income Taxes

Income tax expense includes federal taxes currently payable. Deferred taxes are accounted for under Financial Accounting Standard No. 109 (FAS 109), which uses an asset and liability approach in recognizing timing differences. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of such differences. Deferred income taxes arise primarily as a result of the use of accrual method for financial statement purpose and the cash basis for tax purposes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Revenue Recognition

All revenue is recognized when persuasive evidence of an arrangement exists, the service or sale is complete, the price is fixed or determinable and collectability is reasonably assured. Revenue is primarily derived commissions from financial institutions and other companies. Any commission expense due to agents is accrued along with the revenue earned at the time of the contract.

Credit Risk

The Company does not require collateral from its customers with respect to accounts receivable but performs periodic credit evaluations of such customer’s financial condition.

NOTE 2 – INCOME TAXES

As of June 30, 2008, the Company has net operating loss carry forwards available to offset future income taxes totaling \$ 40,864. If not used, these credits will expire in 2021.

Realization of deferred tax assets is dependent on future earnings, if any, the timing and amount of which is uncertain. According a valuation allowance, in an amount equal to the net deferred tax asset as of June 30, 2008 has been established to reflect these uncertainties.

Utilization of net operating loss carry forwards may be subject to a substantial annual limitation due to ownership change limitations provided by the Internal Revenue Code of 1986. The annual limitation may result in the expiration of the net operating loss carry forwards before utilization.

NOTE 3 – NET CAPITAL

As a broker-dealer, the Company is subject to the Securities and Exchange Commission's regulations and operating guidelines, which requires the Company to maintain a specified amount of net capital, as defined, and a ratio of aggregate indebtedness to net capital, as derived, not exceeding 15 to 1. The Company's net capital, as computed under Rule 15c3-1 was \$6,600 at June 30, 2008, which exceeds required net capital of \$5000 by \$1,600. The ratio of aggregate indebtedness to net capital at June 30, 2008 was 0 as there was no aggregate indebtedness.

NOTE 4 – CHANGE IN CONTROL

In early 2008, Southcoast Investment Group (SGI) was sold to CFOS, a commodities firm. The change in ownership was finalized with FINRA in July 2008. As of May 2008, the former owner of SGI no longer had any ownership in the company – all ownership interest (100% of stock) was transferred to CFOS. Southcoast is now a subsidiary of CFOS.

SOUTHCOAST INVESTMENT GROUP, INC

SUPPLEMENTARY SCHEDULES

JUNE 30, 2008



Board of Directors and Stockholders
Southcoast Investment Group, Inc.
Houston, Texas

In planning and performing our audit of the financial statements and supplemental schedules of Southcoast Investment Group, Inc for the year ended June 30, 2008, we considered its internal control structure, including procedures for safeguarding securities, in order to determine my 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(g) (1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures used 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 Regulations T of the Board of Governors of the Federal Reserve System.
4. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15c3-3.

The management of the Company is responsible for establishing and maintaining a system of 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 SEC's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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 would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on my study, we believe that the Company's practices and procedures were adequate at June 30, 2008, to meet the SEC's objectives.

This report is intended solely for the use of the partners, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934, and should not be used for any other purpose.

McElravy, Kinchen & Associates, P.C.

McElravy, Kinchen & Associates, PC
Houston, Texas
August 21, 2008



Independent Auditor's Report on
Supplementary Information Required by Rule 17A-5 of the
Securities and Exchange Commission

Board of Directors and Stockholders
Southcoast Investment Group, Inc.
Houston, Texas

We have audited the accompanying financial statements of Southcoast Investment Group, Inc. as of and for the year ended June 30, 2008, and have issued our report thereon dated August 21, 2008. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II 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 and 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 relations to the basic financial statements taken as a whole.

McElravy, Kinchen & Associates, P.C.

McElravy, Kinchen & Associates, PC
Houston, Texas
August 21, 2008

Schedule I

Southcoast Investment Group, Inc.

COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15C3-1

JUNE 30, 2008

Total equity from statement of financial condition	\$ 6,600
Less non-allowable assets:	
Statement of Financial Condition (NONE)	<u>-</u>
Net Capital	<u>\$ 6,600</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required (6-2/3% of aggregate indebtedness)	<u>\$ -</u>
Minimum dollar net capital required	<u>\$ 5,000</u>
Net capital requirement (greater of above two figures)	<u>\$ 5,000</u>
Excess net capital	<u>\$ 1,600</u>

COMPUTATION OF RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL

Total liabilities (per statement of financial condition)	<u>\$ -</u>
Ratio of aggregate indebtedness to net capital	<u>0%</u>
Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	<u>0%</u>

Reconciliation with Company's Computation

The above agrees with the Company's Computation (included in Part II of Form X-17a-5)

SCHEDULE II

SOUTHCOAST INVESTMENT GROUP, INC

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS FOR
BROKER/DEALER UNDER RULE 15C3-3 OF THE SECURITIES EXCHANGE ACT OF 1934**

JUNE 30, 2008

Southcoast Investment Group, Inc is exempt from the reserve requirements of Rule 15c3-3 under the K2-II exemptive provision as its transactions are limited, such that they do not handle customer funds or securities, accordingly, the computation for determination of reserve requirements pursuant to Rule 15c3-3 and information relating to the possession or control requirement pursuant to Rule 15c3-3 are not applicable.

END