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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

SEC Mail Processing  
Section

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FACING PAGE

Information Required of Brokers and Dealers <sup>Washington, DC</sup> pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/08 AND ENDING 12/31/08  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Fortune Financial Services, Inc.

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

1010 Third Avenue

(No. and Street)

New Brighton

Pennsylvania

15066

(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\*

Goff Backa Alfera & Company, LLC

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

3325 Saw Mill Run Boulevard

Pittsburgh

Pennsylvania

15227

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**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)

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OATH OR AFFIRMATION

I, Blake Daniels, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Fortune Financial Services, Inc.

, as of December 31, 20 08, 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:

None

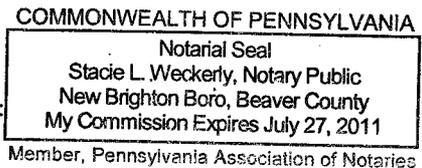
Blake W Daniels

Signature

SEC / TREASURER

Title

[Signature]  
Notary Public



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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole 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).

**Fortune Financial Services, Inc.**

**Audited Financial Statements  
For The Years Ended  
December 31, 2008 and 2007**

**Fortune Financial Services, Inc.**  
**Index to Audited Financial Statements**  
**For The Years Ended December 31, 2008 and 2007**

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*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

To the Shareholders  
Fortune Financial Services, Inc.  
Pittsburgh, Pennsylvania

We have audited the accompanying Statement of financial condition of Fortune Financial Services, Inc. (a Pennsylvania S-Corporation) as of December 31, 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 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. The financial statements of Fortune Financial Services, Inc. as of December 31, 2007, were audited by other auditors whose report dated February 18, 2008, expressed an unqualified opinion on those statements.

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 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 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 provide 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 Fortune Financial Services, Inc. as of December 31, 2008, and the results of its operations and its 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 Schedule I 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.

*Goff Backa Alfera & Company, LLC*

GOFF BACKA ALFERA & COMPANY, LLC.

*Pittsburgh, Pennsylvania*  
*February 20, 2009*

**Fortune Financial Services, Inc.**  
**Statements of Financial Condition**  
**December 31, 2008 and 2007**

	ASSETS	
	2008	2007
<b>CURRENT ASSETS</b>		
Cash	\$ 799,717	\$ 498,848
Cash in centralized registration depository account	19,463	27,067
Investments	9,884	4,600
Prepaid expenses	2,724	0
Commissions receivable	719,628	122,183
<b>TOTAL CURRENT ASSETS</b>	<b>1,551,416</b>	<b>652,698</b>
<b>EQUIPMENT</b>		
Equipment	76,140	74,871
Less accumulated depreciation	(49,540)	(39,998)
<b>TOTAL EQUIPMENT</b>	<b>26,600</b>	<b>34,873</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,578,016</b>	<b>\$ 687,571</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 24,763	\$ -
Accrued expenses	12,000	6,234
Commissions payable	618,880	122,183
Escrowed deposits	490,500	103,000
Withholding taxes payable	951	5,996
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,147,094</b>	<b>237,413</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock (\$1 Par Value, 100 Shares Authorized, Issued and Outstanding)	100	100
Additional paid-in capital	46,747	46,747
Retained earnings	378,791	403,311
Accumulated other comprehensive income	5,284	-
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>430,922</b>	<b>450,158</b>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>\$ 1,578,016</b>	<b>\$ 687,571</b>

**Fortune Financial Services, Inc.**  
**Statements of Income**  
**For the Years Ended December 31, 2008 and 2007**

	2008	2007
REVENUES		
Commissions	\$ 9,409,428	\$ 9,008,476
Interest	5,231	10,261
Mortgage fees	16,851	36,314
Other income	380,927	635,667
TOTAL REVENUES	9,812,437	9,690,718
EXPENSES		
Commissions and fees	8,132,628	7,730,007
Licenses	254,858	219,588
Salaries and related taxes	426,730	397,732
Depreciation	9,542	3,662
Occupancy	43,549	45,696
Communications	12,273	52,663
Other expenses	457,377	265,886
TOTAL EXPENSES	9,336,957	8,715,234
NET INCOME	\$ 475,480	\$ 975,484

**Fortune Financial Services, Inc.**  
**Statement of Changes in Stockholders' Equity**  
**For the years ended December 31, 2008 and 2007**

	Common Stock Shares	Par Value	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balance January 1, 2007	100	\$ 100	\$ 46,747	\$ 235,959	\$ -	\$ 282,806
Distributions to stockholders	-	-	-	(808,132)	-	(808,132)
Net Income	-	-	-	975,484	-	975,484
Balance at December 31, 2007	100	100	46,747	403,311	-	450,158
Distributions to stockholders	-	-	-	(500,000)	-	(500,000)
Net income	-	-	-	475,480	-	475,480
Other comprehensive income	-	-	-	-	5,284	5,284
Unrealized gain on investments	-	-	-	-	5,284	5,284
Balance at December 31, 2008	100	\$ 100	\$ 46,747	\$ 378,791	\$ 5,284	\$ 430,922

See Independent Auditors' Report and Notes to Financial Statements.

**Fortune Financial Services, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2008 and 2007**

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 475,480	\$ 975,484
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation expense	9,542	3,662
Changes in Assets/Liabilities:		
(Increase) Decrease in Prepaid expenses	(2,724)	-
(Increase) Decrease in Commissions receivable	(597,445)	(32,482)
Increase (Decrease) in Accounts payable	24,763	-
Increase (Decrease) in Accrued expenses	5,766	2,501
Increase (Decrease) in Commissions payable	496,697	32,482
Increase (Decrease) in Escrowed deposits	387,500	10,350
Increase (Decrease) in Withholding taxes payable	(5,045)	3,714
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>794,534</b>	<b>995,711</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Equipment	(1,269)	(26,481)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Distributions to Shareholders	(500,000)	(808,132)
<b>NET INCREASE IN CASH</b>	<b>293,265</b>	<b>161,098</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>525,915</b>	<b>364,817</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 819,180</b>	<b>\$ 525,915</b>

**Fortune Financial Services, Inc.**  
**Notes to Financial Statements**  
**For The Years Ended December 31, 2008 and 2007**

**Note 1 - Summary of Significant Accounting Policies**

This summary of significant accounting policies of Fortune Financial Services, Inc. (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity.

*Description of Business*

The Company is a non-introducing broker registered with the Securities and Exchange Commission (SEC) and is a registered with Financial Industry Regulatory Authority (FINRA). The Company is engaged in the sale of mutual funds, variable annuities, and life insurance policies.

*Cash and Cash Equivalents*

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2008, the company did not have any cash equivalents.

*Commissions Receivable*

Commissions receivable consisted of estimated revenues due from investment and insurance companies earned by Company representatives on which the investment and insurance companies have not paid the Company as of year end. The commissions at December 31, 2008, have been estimated using the preceding twelve months cash receipts.

*Property, Equipment and Depreciation*

Property and equipment are carried at cost. Depreciation is provided using the straight line method over the estimated useful lives. Expenditures for maintenance and repairs are charged to expense as incurred.

*Commissions Payable*

Commissions payable consists of the estimated portion of the commissions receivable payable to the Company's registered representatives. This estimate is based on the historical average payout ratio, which is based on signed contracts with each of the registered representatives.

*Escrowed Deposits*

Escrowed deposits represents fees that have been paid to the Company by their registered representatives, but have not yet been earned by the Company. Amounts when earned are included in other income on the statement of income.

*Income Taxes*

The Company is organized and operated under Subchapter S of the Internal Revenue Code. In lieu of corporate income taxes, the shareholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements at December 31, 2008 and 2007.

**Fortune Financial Services, Inc.**  
**Notes to Financial Statements**  
**For The Years Ended December 31, 2008 and 2007**

**Note 1 - Summary of Significant Accounting Policies (continued)**

*Concentration of Risk*

The Company maintains cash interest bearing deposits at one bank. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2008, the Company's deposits exceeded these limits by \$546,224.

*Use of Estimates*

The preparation of financial statements in conformity with U.S. 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. Actual results could differ from those estimates.

**Note 2 – Investments**

The investments consist of 400 shares of Nasdaq stock. These shares have a cost basis of \$4,600, and are presented as available for sale.

**Note 3 – Operating Lease**

The Company leases office space under an operating lease with a related party, which has expired. As such the Company and the related party have agreed to continue the lease on a month to month basis. During 2008, they paid twelve monthly payments of \$3,300. The rent expense is included in the other expenses on the statement of income.

**Note 4 – Retirement Savings Plan**

The Company has adopted a SIMPLE IRA retirement plan for employees. Employees are eligible to participate if they have received at least \$5,000 in compensation during any two prior years and who are reasonably expected to receive at least \$5,000 in compensation during the current year. The Company matches employee contribution up to 3% of gross wages. Retirement plan expense for the year ended December 31, 2008 and 2007 was \$14,786, and \$6,314, respectively. These expenses are included in the other expenses on the statement of income.

**Note 5 – Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1) which required the maintenance of minimum net capital, and required that the ratio of aggregate indebtedness to net capital shall not exceed certain limits. As of December 31, 2008, the Company had net capital of \$170,011 in excess of its required net capital of \$76,465. The Company's ratio of aggregate indebtedness to net capital was 4.65 to 1.

**Note 6 – Statement of Changes in Subordinated Borrowings**

The Company had no subordinated borrowings at any time during the years ended December 31, 2008 and 2007; therefore, a Statement of Changes in Liabilities Subordinated to Claims of Creditors has not been included in these financial statements.

**Fortune Financial Services, Inc.**  
**Notes to Financial Statements**  
**For The Years Ended December 31, 2008 and 2007**

**Note 7 – Supplemental Schedules Required Under Rule 15c3-3**

The Company claims exemption k (1) from rule 15c3-3 of the Securities and Exchange Commission as a limited business, engaged in the sale of mutual funds and variable annuities. The Company does not carry securities for customers or perform custodial functions relating to customer securities, therefore the following schedules required under rule 15c3-3 of the Securities and Exchange Commission have not been included in these financial statements: Schedule II – Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3, Schedule III – Information Relating to Possession or Control Requirements Under Rule 15c3-3, and Schedule IV – Schedule of Segregation Requirements and Funds in Segregation for Customers' Regulated Commodities Futures and Options Accounts.

**Fortune Financial Services, Inc.**  
**Computation of Net Capital under Rule 15c3-1**  
**of the Securities and Exchange Commission**  
**As of December 31, 2008**

Net Capital		
Total Stockholders' Equity	\$	430,922
Deductions and /or Charges:		
Non-allowable assets:		
Petty cash	405	
CRD account	19,463	
Ridgeway & Conger account	3,087	
Net commissions receivable	100,748	
Prepaid expenses	2,724	
Equipment net	26,600	
Haircuts		
6% on Omnibus account	29,936	
15% fair market value of investment	1,483	<u>184,446</u>
Net Capital	\$	<u><u>246,476</u></u>
Aggregate Indebtedness		
Accounts payable	\$	24,763
Accrued expenses		12,000
Commissions payable		618,880
Escrowed deposits		490,500
Withholding taxes payable		951
TOTAL AGGREGATE INDEBTEDNESS		<u><u>\$ 1,147,094</u></u>
Computation of Basic Net Capital Requirement		
Minimum Net Capital Required	\$	<u><u>76,465</u></u>
(\$5,000 or 6 2/3% of Aggregate indebtedness)		
Excess Net Capital (Net Capital minus Minimum net capital)	\$	<u><u>170,011</u></u>
Excess Net Capital at 1000%	\$	<u><u>131,767</u></u>
(Net capital minus 10% of Total aggregate indebtedness)		
Ratio: Aggregate Indebtedness to Net Capital		<u><u>465%</u></u>

No material differences from the Company's computation exists, therefore a reconciliation has not been included.



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## **Auditors' Report on Internal Control Structure**

To the Shareholders  
Fortune Financial Services, Inc.  
Pittsburgh, Pennsylvania

In planning and performing our audit of the financial statements of Fortune Financial Services, Inc. as of and for the year ended December 31, 2008, in accordance with US generally accepted auditing standards, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not to the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making periodic computations of aggregate indebtedness (or aggregate debits) 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 followed by the company in any of the following:

1. Making quarterly securities examinations, counts, verification, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements of 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 and 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that the 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 our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2008, to meet the SEC's objectives.

This report is intended solely for the information and use of the shareholders, management, the SEC, 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.

  
GOFF BACKA ALFERA & COMPANY, LLC.

*Pittsburgh, Pennsylvania*  
*February 20, 2009*