

SECURITIES AND EXCHANGE COMMISSION

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UNITED STATES
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DIVISION OF MARKET REGULATION

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

SEC FILE NUMBER

8- 44501 -

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 01/01/08 AND ENDING 12/31/08
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Fourth Street Financial Group, Inc.

OFFICIAL USE ONLY

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

FIRM I.D. NO.

2245 Gilbert Avenue

(No. and Street)

Cincinnati

OH

45206

(City)

(State)

(Zip Code)

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

c. Kenneth Nemenz

513-281-7900

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Clark, Schaefer, Hackett & Co.

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

105 East Fourth Street, Suite 1500

Cincinnati, OH

45202

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

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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)

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. Kenneth Nemenz, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Fourth Street Financial Group, Inc. of December 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
Title

Penny S. Marquardt
Notary Public

PENNY S. MARQUARDT
Notary Public, State of Ohio
My Commission Expires May 10 2011

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).

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Fourth Street Financial Group, Inc.

Statement of Financial Condition

December 31, 2008



CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
Fourth Street Financial Group, Inc.

We have audited the accompanying statement of financial condition of Fourth Street Financial Group, Inc. as of December 31, 2008. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the statement of financial condition 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 examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. 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 statement of financial condition referred to above presents fairly, in all material respects, the financial position of Fourth Street Financial Group, Inc. as of December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
March 24, 2009

105 east fourth street, ste. 1500
cincinnati, oh 45202

www.cshco.com
p. 513.241.3111
f. 513.241.1212

Fourth Street Financial Group, Inc.
Statement of Financial Condition
December 31, 2008

Assets:

| | | |
|------------------------|----|--------|
| Cash | \$ | 23,884 |
| Accounts receivable | | 16,609 |
| Deposit | | 122 |
| Stockholder receivable | | 18,102 |

Property, plant and equipment:

| | | |
|-------------------------------|--|---------------|
| Furniture & fixtures | | 44,765 |
| Computer equipment | | <u>32,034</u> |
| | | 76,799 |
| Less accumulated depreciation | | <u>72,982</u> |

3,817

\$ 62,534

Liabilities and Stockholders' Equity:

| | | |
|---|----|---------------|
| Liabilities-accounts payable and accrued expenses | \$ | <u>26,658</u> |
|---|----|---------------|

Stockholders' equity:

| | | |
|---|--|-----------------|
| Common stock, no par value; 600 shares authorized and issued | | 75,000 |
| Retained earnings (deficit) | | <u>(39,124)</u> |
| | | <u>35,876</u> |

\$ 62,534

See accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of business

Fourth Street Financial Group, Inc. is an Ohio corporation operating as a securities broker and dealer in Cincinnati, Ohio. The Company does not carry securities accounts for customers, perform custodial functions relating to customer securities, or clear customer transactions. The Company also provides, on occasion, management and other services to Alpha Investment Management, registered investment advisors, and Fourth Street Financial Agency, Inc., an insurance agency (See Note 4 for more details).

Furniture, equipment and improvements

Furniture, equipment and improvements are stated at cost and are being depreciated over estimated useful lives of five to seven years using accelerated methods.

Income taxes

The Company, with the consent of its stockholders, has elected to be taxed as an S corporation. The stockholders are personally liable for their proportionate share of the Company's taxable income (loss). Therefore, no provision or liability for federal and state income taxes is reflected in this financial statement.

The Financial Accounting Standards Board ("FASB") has issued Interpretation No. 48 ("FIN 48"), which clarifies generally acceptable accounting principles for recognition, measurement, presentation and disclosure relating to uncertain tax positions. FIN 48 applies to business enterprises, not-for-profit entities, and pass-through entities, such as S corporations and limited liability companies. As permitted by FIN 48 (as amended), the Company has elected to defer the application of FIN 48 until issuance of its December 31, 2009 financial statements. For financial statements covering periods prior to calendar 2009, the Company evaluates uncertain tax positions in accordance with existing generally accepted accounting principles and makes such accruals and disclosures as might be required thereunder.

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.

2. LEASES

The Company has a month-to-month sub-lease agreement with Alpha Investments, Inc., a company with a common officer and shareholder. The Company pays \$1,000 per month to Alpha Investments, Inc.

3. RETIREMENT PLAN:

The Company has a simplified employee pension-individual retirement account (SEP-IRA) plan covering substantially all employees.

4. RELATED PARTY TRANSACTIONS:

The Company shares offices and employees with Fourth Street Financial Agency, Inc. and Alpha Investments, Inc., companies with common officers and stockholders and receives management fees from these companies.

The Company has a receivable with one of its stockholders. The receivable is accruing interest at the Applicable Federal Rate (2.85% at December 31, 2008).

5. NET CAPITAL REQUIREMENTS:

Pursuant to the net capital provision of rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. As of December 31, 2008, the Company's net capital requirement was \$5,000, and its defined net capital and aggregate indebtedness to net capital ratio was \$13,535 and 1.97 to 1, respectively.