

SEC



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MISSION

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

SEC FILE NUMBER
8-36439

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 January 1, 2008 AND ENDING December 31, 2008
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Trustmont Financial Group, Inc.,
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
200 Brush Run Rd.

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

Greensburg, PA 15601

(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*

Burkhouse, Ralph Wayne

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

461 Weir Cole Rd., Prosperity, PA 15329

(Address)

(City)

(State)

(Zip Code)

SEC Mail Processing

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Washington, DC

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CHECK ONE:

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

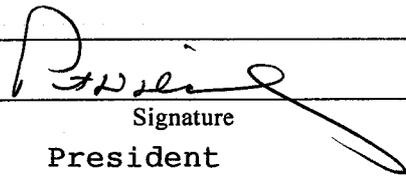
FOR OFFICIAL USE ONLY

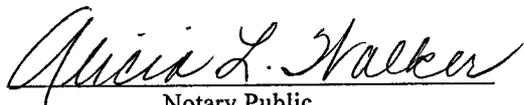
**Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)*

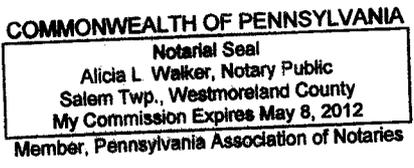
JM

OATH OR AFFIRMATION

I, Peter D. Dochinez, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Trustmont Financial Group, Inc., as 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
President


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).

TRUSTMONT FINANCIAL GROUP, INC.

Financial Statements and
Supplementary Schedules

December 31, 2008

Ralph W. Burkhouse

Certified Public Accountant

Ralph W. Burkhouse
Certified Public Accountant

P.O. Box 1018
Washington, PA 15301

(724) 225-2599 Fax (724) 225-1599

Independent Auditor's Report

Board of Directors
Trustmont Financial Group, Inc.
Greensburg, Pennsylvania:

I have audited the accompanying statement of financial condition of Trustmont Financial Group, Inc., as of December 31, 2008, and the related statements 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trustmont Financial Group, Inc. as of December 31, 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.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplementary schedules 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Washington, Pennsylvania
February 20, 2009

Member

TRUSTMONT FINANCIAL GROUP, INC.
Statement of Financial Condition
December 31, 2008

Assets

Assets:	
Cash	\$ 27,848
Deposit with clearing organizations	11,592
Commissions receivable	325,385
Other receivables	1,991
Investments	71,864
Prepaid insurance	<u>15,833</u>
 Total Assets	 <u>\$454,513</u>

Liabilities and Stockholders' Equity

Liabilities:	
Commissions payable	\$292,756
Accounts payable	35,425
Payroll taxes payable	568
Accrued income taxes	528
Accrued pension contribution	<u>12,991</u>
 Total Liabilities	 <u>\$342,268</u>
Stockholders' Equity:	
Common stock, \$.10 par value, 100,000 shares authorized and issued, of which 3,000 are held	10,000
Treasury stock, at cost	(25,119)
Additional paid-in capital	41,800
Retained earnings	<u>85,564</u>
 Total Stockholders' Equity	 <u>112,245</u>
 Total Liabilities and Stockholders' Equity	 <u>\$454,513</u>

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

TRUSTMONT FINANCIAL GROUP, INC.

Statement of Income

For the Year Ended December 31, 2008

Revenues:	
Commissions and fees	\$7,085,506
Fees charged to representative	306,931
Expense reimbursements	34,911
Investment income (loss), net	(27)
Other income	<u>67,584</u>
Total Revenues	<u>7,494,905</u>
Expenses:	
Salaries and related benefits	404,165
Commissions	6,391,774
Professional fees	45,521
Regulatory fees	91,812
Telephone and utilities	12,198
Office supplies and expense	24,030
Postage	8,025
Software expense	4,330
Office rent and management fee	239,029
Insurance	190,551
Repairs and maintenance	912
Advertising and promotion	11,328
Compliance meeting	52,142
Miscellaneous	<u>10,446</u>
Total Expenses	<u>7,486,263</u>
Net Income Before Provision for Income Taxes	8,642
Provision for income taxes	<u>3,716</u>
Net Income	<u>\$ 4,926</u>

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

TRUSTMONT FINANCIAL GROUP, INC.

Statement of Changes in Stockholders' Equity

For the Year Ended December 31, 2008

	<u>Common Stock</u>	<u>Treasury Stock</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Beginning balance	\$10,000	\$(25,119)	\$41,800	\$80,638	\$107,319
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,926</u>	<u>4,926</u>
Ending Balance	<u>\$10,000</u>	<u>\$(25,119)</u>	<u>\$41,800</u>	<u>\$85,564</u>	<u>\$112,245</u>

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

TRUSTMONT FINANCIAL GROUP, INC.

Statement of Cash Flows

December 31, 2008

Cash flows from operating activities:	
Net income	\$ 4,926
Adjustments to reconcile net income to net cash provided from operating activities:	
Loss on investments	3,570
Decrease in deposit with clearing organization	9,626
Increase in commissions receivable	(95,706)
Decrease in other receivables	655
Increase in prepaid insurance	(3,333)
Increase in commissions payable	88,342
Increase in accounts payable	34,731
Decrease in payroll taxes payable	(296)
Decrease in accrued income taxes	(100)
Increase in accrued pension contribution	<u>4,367</u>
	46,782
Cash flows from investing activities:	
Purchase of investments	<u>(20,000)</u>
Net increase in cash	26,782
Cash, beginning of year	<u>1,066</u>
Cash, end of year	<u>\$27,848</u>
Supplemental Information:	
Income taxes paid during the year	<u>\$ 3,817</u>

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

TRUSTMONT FINANCIAL GROUP, INC.

Note to Financial Statements

December 31, 2008

1. Organization and Nature of Business

Trustmont Financial Group, Inc. (Company) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and the Financial Industry Regulation Authority (FINRA). The Company does not clear its own transactions nor carry customer accounts. It is incorporated in the state of Pennsylvania.

2. Summary of Significant Accounting Policies

Commission income and the related commissions payable to sales representatives are recorded on the "trade date" basis. No allowance for doubtful accounts is considered necessary.

Deferred income taxes on the temporary differences between financial and tax reporting have not been recorded in these financial statements due to the immaterial nature of these differences. Additional information on these amounts is disclosed in the note on income taxes.

Use of estimates and assumptions are made by management in the preparation of the financial statements in conformity with generally accepted accounting principles that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. Investments

Investments are primarily carried at their fair market value. Two investments whose fair market value is not readily determinable are carried at their cost basis of \$1,145. The total cost of all investments is \$81,350. Management intends to hold onto these or similar investments to help maintain the required minimum net capital.

4. Fixed Assets

Fixed assets utilized by the Company are either owned by the primary stockholder of the Company or a sister company which shares office space with the Company.

5. Income Taxes

The deferred tax benefit on a capital loss carry forward of \$1,712 has not been recorded in these financial statements. The provision for income taxes on the statement of income consists of current year taxes for Federal and state of \$2,148 and \$1,569, respectively.

6. Employee Pension Plans

The Company maintains a simplified employee pension plan (SEP) and SIMPLE plan for eligible employees. Annual contributions up to 15% of the eligible employees' salaries can be made at the option of management in the SEP. The "Salaries and related benefits" account on the statement of income includes \$17,611 in pension expense for the year, which includes 8% of eligible salaries in the SEP of \$12,992 and a \$4,619 matching contribution in the SIMPLE plan.

TRUSTMONT FINANCIAL GROUP, INC.
Note to Financial Statements, continued
December 31, 2008

7. Commitment and Contingent Liabilities

The Company has an obligation under an operating lease for a copier with an initial non-cancelable term in excess of one year. The obligation under this lease is as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 343
2010	-

8. Related Party Transaction

The Company shares office space with a sister company (Sisco) that has the same ownership as the Company. Sisco leases the office space from the lessor and the Company leases rental space, necessary personnel and management services from Sisco under a separate "management agreement". Under this agreement the Company pays Sisco a monthly fee of 15% of the previous months gross profit. Because a mutually beneficial business arrangement exists between the two companies, the payments may be revised up or down with the mutual consent of both parties. Payments under this agreement are classified as "office rent and management fee" in the statement of income and totaled \$239,029 for the year ended December 31, 2008.

The majority stockholder of the Company became a limited stockholder in Camden Indemnity Limited, SPC (Camden). Camden is an offshore captive insurance company, under the Internal Revenue Code Section 831b, in the British Virgin Islands and provides the error and omissions insurance policy for the Company and its representative. A separate cell within Camden is maintained separately for the Company and that cell is owned entirely by the stockholder. Payments to Camden for the year totaled \$154,167.

9. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of a minimum net capital and requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1, with a minimum net capital requirement of the greater of 6 2/3% of aggregate indebtedness or \$5,000. At December 31, 2008, the company had a net capital of \$77,530. The Company's aggregate indebtedness to net capital ratio was 4.41 to 1.

TRUSTMONT FINANCIAL GROUP, INC.

Computation of Aggregate Indebtedness and Net Capital
In Accordance With Rule 15c3-1 Under the
Securities Exchange Act of 1934

December 31, 2008

Reconciliation of Net Capital:

Net capital, per FOCUS Form X-17A-5	\$77,530
Audit adjustments	<u> -</u>
Audited Net Capital	<u>\$77,530</u>

Calculation of Net Capital:

Total stockholders' equity		\$112,245
Nonallowable assets:		
Petty cash	200	
Deposit	1,354	
Commissions receivable greater than 30 days	134	
Net trails commissions	7,258	
Other receivables	1,991	
Prepaid insurance	<u>15,833</u>	(26,770)
Securities haircuts		<u>(7,945)</u>
Audited Net Capital		<u>\$77,530</u>

Aggregate Indebtedness:	
Total liabilities	<u>\$342,268</u>

Computation of basic net capital requirement:	
Minimum net capital requirement, the greater of \$5,000 or 6 2/3% of aggregate indebtedness:	\$ 22,818
Net capital in excess of requirement	<u>54,712</u>
Audited Net Capital	<u>\$77,530</u>

Ratio of aggregate indebtedness to net capital	<u>4.41 to 1</u>
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TRUSTMONT FINANCIAL GROUP, INC.

Computation for Determination of Reserves Required Under
Rule 15c3-3 of the Securities and Exchange Commission

December 31, 2008

The Company is exempt from this requirement under Rule 15c3-3(k)(2)ii.

Ralph W. Burkhouse
Certified Public Accountant

P.O. Box 1018
Washington, PA 15301

(724) 225-2599 Fax (724) 225-1599

Report on Internal Control

Board of Directors
Trustmont Financial Group, Inc.
Greensburg, Pennsylvania:

In planning and performing my audit of the financial statements of Trustmont Financial Group, Inc. (Company), for the year ended December 31, 2008, I considered its internal control, including control activities for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my 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), I have made a study of the practices and procedures followed by the Company, including tests compliance with such practices and procedures that I considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and the reserve required by rule 15c3-3(e). Because the Company does not carry securities account for customers or perform customers or perform custodial functions relating to customer securities, I did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examination, counts, verification, 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 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 the 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.

Member

Board of Directors
Trustmont Financial Group, Inc.
page 2

My 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 condition in which the design or operation of the specific internal control component 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, I noted no matters involving the internal control that I consider to be material weaknesses as defined above.

I 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, I believe that the Company's practices and procedures were adequate at December 31, 2008 to meet the SEC objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC and other regulatory agencies that rely on rule 17(a)-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.



Washington, Pennsylvania
February 20, 2009