

S



09058619

MISSION

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-	65990

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: Dunes Securities Corporation

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

6 Queens Folly Road

(No. and Street)

Hilton Head

SC

29928

(City)

(State)

(Zip Code)

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

Edward Dowaschinski

843-671-2448

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Cherry, Bekaert & Holland, L.L.P.

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

P.O. Box 1999

Bluffton

SC

(Address)

(City)

(State)

SEC 69910
Mail Processing
Section

FEB 27 2009

Washington, DC
103

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)

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.

B B
3/13

OATH OR AFFIRMATION

I, Edward B. Dowaschinski, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Dunes Securities Corporation, 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:

Edward B. Dowaschinski
Signature

President
Title

Linda J. Warnock
Notary Public

Linda J. Warnock
NOTARY PUBLIC
South Carolina

My Commission Expires 2/12/13

- 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).

DUNES SECURITIES CORPORATION

Financial Statements
for the year ended
December 31, 2008

DUNES SECURITIES CORPORATION

Contents

	<u>Page</u>
Report of Independent Certified Public Accountants	2
Balance Sheet	3
Statement of Loss	4
Statement of Changes in Stockholders' Equity	5
Statements of Cash Flows	6
Notes to Financial Statements	7-8
Supplementary Information	
Computation of Net Capital, Per Uniform Capital Rule	9
Reconciliation of The Focus Report To Audited Statements	10



Report of Independent Certified Public Accountants

The Board of Directors
Dunes Securities Corporation
Hilton Head Island, South Carolina

We have audited the accompanying balance sheet of Dunes Securities Incorporated as of December 31, 2008 and the related statements of loss, changes in stockholders' equity, changes in retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of 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 misstatements. 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 our audits 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 Dunes Securities Incorporated, as of December 31, 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The attached accompanying information is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion based on our audit, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cherry Bekaert-Holland C.C.P.

Hilton Head Island, South Carolina
January 19, 2009

DUNES SECURITIES CORPORATION

Balance Sheet

December 31, 2008

Assets			
	Cash-unrestricted	\$	41,478
			<u> </u>
	Total assets	\$	<u><u>41,478</u></u>
Liabilities and stockholders equity			
	Liabilities		
	Accrued expenses	\$	46
	Total liabilities		<u>46</u>
	Stockholder's equity		
	Common stock, no par value, authorized 100,000 shares, issued and outstanding 25,000 shares		25,000
	Additional paid in capital		6,160
	Retained earnings		<u>10,272</u>
	Total stockholder's equity		<u>41,432</u>
	Total liabilities and stockholder's equity	\$	<u><u>41,478</u></u>

See notes to financial statements.

DUNES SECURITIES CORPORATION

Statements of Loss

For the year ended December 31, 2008

Revenues	
Commissions	\$ 23,000
Total revenues	<u>23,000</u>
Expenses	
Bank charges	750
Commissions and fees	38,638
Insurance	364
Regulatory fees and assessments	1,042
Office expenses	800
Legal and professional	1,000
Rent	600
Other taxes	46
Amortization	626
Total expenses	<u>43,867</u>
Net loss	\$ <u>(20,867)</u>

See notes to financial statements.

DUNES SECURITIES CORPORATION

Statement of Changes in Stockholders' Equity

For the year ended December 31, 2008

	Number Of Shares	Common Stock	Additional Paid-in Capital	Retained Earnings
Balance at January 1, 2008	25,000	\$ 25,000	\$ 6,160	\$ 85,415
Net loss	-	-	-	(20,867)
Dividend	-	-	-	(54,277)
Balance at December 31, 2008	<u>25,000</u>	<u>\$ 25,000</u>	<u>\$ 6,160</u>	<u>\$ 10,272</u>

See notes to financial statements.

DUNES SECURITIES CORPORATION

Statements of Cash Flows

For the year ended December 31, 2008

Cash flow from operating activities:	
Net loss	\$ (20,867)
Adjustments to reconcile net income to net cash provided by operating activities	
Amortization	626
	<hr/>
Net cash flow used by operating activities	<u>(20,240)</u>
Cash flow from investing activities:	
Dividend paid	<u>(54,277)</u>
	<hr/>
Net cash flow used by investing activities	<u>(54,277)</u>
Net decrease in cash	(74,517)
Cash and cash equivalents at beginning of year	<u>115,995</u>
Cash and cash equivalents at end of year	<u>\$ 41,478</u>

See notes to financial statements.

DUNES SECURITIES CORPORATION

Notes to Financial Statements

December 31, 2008

Note 1-Organization

Dunes Securities Corporation (the "Company") is a registered securities broker/dealer primarily engaged as agent for buyers and sellers of Hilton Oceanfront Resort Condominium units with all proceeds of sale or purchase deposited or paid from an escrow account maintained by Regions Bank as fiduciary agent/custodian. The Company is a member of the Financial Industry Regulatory Authority (the "FINRA").

Note 2-Summary of significant accounting policies**Commission income**

Commission income is recorded when transactions are completed and funds are distributed at the closing of the respective condominium unit

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and cash equivalents and concentration of credit risks

The Corporation considers its investments with an original maturity of three months or less to be cash equivalents. The Corporation maintains its cash in bank deposit accounts which, at times, may exceed FDIC insurance limits. Restricted cash balances represent amounts held as refundable deposits, cash for future major repairs and replacements, and other amounts held in escrow.

Income taxes

The Company has elected to be taxed under Subchapter "S" of the Internal revenue code. As such, the taxable income or loss is passed through directly to the shareholders. Accordingly, there is no income tax provision or benefit recorded in the accompanying financial statements.

DUNES SECURITIES CORPORATION

Notes to Financial Statements

December 31, 2008

Note 3-Regulatory Matters

As a broker dealer, the Company is subject to the minimum net capital requirements adopted and administered by the Securities and Exchange Commission ("SEC"). At December 31, 2008, the Company had net capital, as defined by the SEC, of \$41,432.

DUNES SECURITIES CORPORATION

Computation of Net Capital, Per Uniform Capital Rule

December 31, 2008

Computation of Net Capital	
Credits	
Total stockholder's equity	\$ 41,432
Net capital before haircuts	<u>41,432</u>
Haircuts	<u>-</u>
Net capital	41,432
Computation of Basic Net Capital Requirements	
Net capital requirement	<u>5,000</u>
Excess Capital	36,432
Ten percent of aggregate indebtedness	<u>-</u>
Excess Net Capital	<u><u>\$ 36,432</u></u>

DUNES SECURITIES CORPORATION

Reconciliation of The Focus Report To Stockholder's Equity

December 31, 2008

Stockholder's Equity	
Per the unaudited Focus Report	\$ 41,432
Reconciling items	<u>-</u>
Per the audited financial statements	<u><u>\$ 41,432</u></u>



Independent Accountant's Report On Internal Control Structure

The Board of Directors
Dunes Securities Corporation
Hilton Head Island, South Carolina

In planning and performing our audit of the financial statements of Dunes Securities Corporation for the year ended December 31, 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(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Dunes Securities Corporation that we consider relevant to the objectives stated in Rule 17a-5(g)(1) in making the periodic computations of aggregated indebtedness and net capital under Rule 17a-3(a)(11) and in complying with the condition of exemption from Rule 15c-3-3. We did not review the practices and procedures followed by the Company in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board for Governors of the Federal reserve System, because the Company does not carry security accounts for customers.

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 the practice 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. Rule 17a-5(g)(1) lists additional objectives of the practice and procedures listed in the preceding paragraph.

Because of the inherent limitations in any internal control structure, errors or fraud may nevertheless occur and not be detected. Also, projection of any assessment of the internal control structure to future periods is subject to the risk that policies or procedures may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

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 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 the 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 Commission to be adequate for its purposes in accordance with the Security 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 practice and procedures were adequate at December 31, 2007 to meet the Commission's objectives.

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

Cherry Bettsert-Holland C.C.P.

Hilton Head Island, South Carolina
January 19, 2009