



10026066

MISSION 9

cm

SEC  
Mail Processing  
Section

FEB 25 2010

Washington, DC  
122

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

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: February 28, 2010  
Estimated average burden  
hours per response... 12.00

SEC FILE NUMBER  
8-45342

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 01/01/09 AND ENDING 12/31/09  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: DeWaay Financial Network, LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

13001 University Avenue

(No. and Street)

Clive

IA

50325

(City)

(State)

(Zip Code)

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

Robert M. Young 515-273-1300

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Weaver & Martin, LLC

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

411 Valentine, Suite300

Kansas City

MO

64111

(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)

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.

JD  
3/5/2010

OATH OR AFFIRMATION

I, Robert M. Young, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of DeWaay Financial Network, LLC, as of December, 31, 2009, 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:

Robert M. Young
Signature
Chairman & CEO.
Title

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).

# DeWaay Financial Network, LLC

Consolidated Financial Statements

December 31, 2009



**Members**

**DeWaay Financial Network, LLC**  
Clive, Iowa

**Report of Independent Registered Public Accounting Firm**

We have audited the accompanying consolidated statement of financial condition of DeWaay Financial Network, LLC as of December 31, 2009 and the related consolidated statements of income, members' equity and cash flows for the year then ended that are being filed 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.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 do not express such an opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of DeWaay Financial Network, LLC as of December 31, 2009 and the results of its consolidated operations, members' equity, and cash flows for the year then ended in conformity with generally accepted accounting principles in the United States.

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 of the Securities and Exchange Commission. This information is the responsibility of the Company's management. 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.

*Weaver & Martin, LLC*

Weaver & Martin, LLC  
Kansas City, Missouri  
February 19, 2010

Certified Public Accountants & Consultants  
411 Valentine, Suite 300  
Kansas City, Missouri 64111  
Phone: (816) 756-5525  
Fax: (816) 756-2252

DeWaay Financial Network, LLC  
Consolidated Balance Sheet  
December 31, 2009

Assets

Current assets:

Cash	\$	371,042
Receivables		687,178
Receivable from clearing broker dealer		475,751
Receivables from affiliated companies		8,578
Prepaid assets		155,522
Deposits		100,000
Employee Term Notes - Current		70,000
Inventory		<u>1,180,315</u>
Total current assets		<u>3,048,387</u>

Furniture and equipment, net of accumulated depreciation of \$31,374

83,702

Equipment - Work in Progress

18,677

Employee Term Notes

140,000

Intangible assets, net of accumulated amortization of \$21,333

138,667

Investments

138,020

Total long term assets

519,065

\$ 3,567,452

Liabilities & Shareholders' Equity

Current liabilities:

Accounts payable	\$	564,505
Accounts payable, related parties		313,135
Line of credit		<u>180,782</u>
Total current liabilities		<u>1,058,422</u>

Commitments

Member's equity:

Contributed capital		2,598,451
Retained earnings		<u>(89,421)</u>
Total member's equity		<u>2,509,030</u>

\$ 3,567,452

See notes to financial statements.

DeWaay Financial Network, LLC  
Consolidated Statement Of Operations  
Year Ended December 31, 2009

Commission revenue	\$ 7,945,239
Trading Income	2,378,025
Investment Advisory Fees	1,268,422
Other Revenue	<u>812,501</u>
Total Revenues	<u>12,404,187</u>
Expenses:	
Commission expense	7,741,259
Legal and professional	265,108
Office	694,459
Wages	2,464,464
Other general and administrative	<u>1,756,297</u>
	<u>12,921,587</u>
Loss from operations	(517,400)
Other income	<u>285,320</u>
Net loss	<u>\$ (232,080)</u>

See notes to financial statements.

DeWaay Financial Network, LLC  
Consolidated Statement of Member's Equity  
Year Ended December 31, 2009

Member's equity, January 1, 2009	\$ 2,741,110
Net loss for the year ended December 31, 2009	<u>(232,080)</u>
Member's equity, December 31, 2009	\$ <u><u>2,509,030</u></u>

See notes to financial statements.

DeWaay Financial Network, LLC  
Consolidated Statement of Cash Flows  
Year Ended December 31, 2009

Operating activities:	
Net loss	\$ (232,080)
Adjustments to reconcile net loss to cash flows provided by operating activities:	
Amortization of intangible asset	10,667
Depreciation of furniture and equipment	20,667
Change in assets and liabilities-	
Receivables	(387,841)
Prepaid expenses	9,541
Deposits	7,100
Accounts payable	9,552
Accounts payable, related parties	<u>(128,941)</u>
Cash used in operating activities	<u>(691,335)</u>
Investing activities:	
Purchase of furniture & equipment	(62,595)
Employee Term Notes	70,000
Investments	(26,520)
Inventory	<u>2,003,630</u>
Cash provided by investing activities	<u>1,984,514</u>
Financing activities:	
Clearing broker dealer payable	(1,007,132)
Line of credit	<u>(309,745)</u>
Cash used in financing activities	<u>(1,316,878)</u>
Decrease in cash	(23,699)
Cash, beginning of year	<u>394,741</u>
Cash, end of year	\$ <u><u>371,042</u></u>
Supplemental cash flow information:	
Interest paid	\$ <u><u>93,814</u></u>
Income taxes paid	\$ <u><u>-</u></u>

See notes to financial statements.

DeWaay Financial Network, LLC  
Notes to Consolidated Financial Statements  
Year Ended December 31, 2009

NOTE A – NATURE OF BUSINESS

We are a broker-dealer registered with the Securities and Exchange Commission and are members of the National Futures Association, Municipal Securities Rulemaking Board, and the Financial Industry Regulatory Authority. We are an Iowa Limited Liability Company and a wholly owned subsidiary of DFN Partners, LLC.

We are engaged in the business of investment banking, retail securities broker-dealer, underwriter of interstate and intrastate offerings, and as an underwriter of interstate and intrastate offering and of Direct Participation Program offerings.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Long-lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is measured by comparing the carrying value of the long-lived asset to the estimated undiscounted future cash flows expected to result from the use of the assets and their eventual disposition. We have determined that as of December 31, 2009, there had been no impairment in the carrying value of our long-lived assets.

Inventory:

Securities are valued at market and consisted principally of municipal government obligations and marketable securities. The transactions are recorded at the settlement date. As of December 31, 2009, approximately \$2,600 of unrealized gains is included in the value of securities owned.

Investments:

Investments are valued at cost. We wholly own DeWaay Real Estate Management, LLC which is the sole member of Northpark Management, LLC and DeWaay Assisted Living Management, LLC. Northpark Management, LLC is the general partner of Northpark Real Estate Investors, LLLP with an investment of \$35,000 in this entity as of December 31, 2009. DeWaay Assisted Living Management, LLC is the general partner of DeWaay Assisted Living Investors, LLLP with an investment of \$1,000 in this entity as of December 31, 2009. We also wholly own DeWaay Fund Management, LLC which serve as the general partner of DeWaay Investment Partners I, LLLP. As of December 31, 2009, DeWaay Fund Management, LLC had a \$102,020 investment in this entity.

Revenue Recognition

Revenue from retail securities sales is recognized when the clearing facility or the investment company records the sale. Revenue from investment banking activities is

recognized when a result is accomplished which requires the client to pay the Company per the contract between the client and us. Revenue from underwriting of offerings is recognized upon the later of the successful completion of the escrow phase of the offering or the acceptance of the subscription of the Subscriber. Expenses of the firm are recorded when the obligation is incurred.

#### Property and Equipment

Property and Equipment is stated on the basis of cost. Depreciation is computed by using the straight line method over the estimated useful life (3, 5 or 7 years) of the asset. As of December 31, 2009, we had \$18,677 of equipment in work in progress that was not being depreciated.

#### Income Taxes

DeWaay Financial Network, LLC, is a subsidiary of its holding company, DFN Partners, LLC. DFN Partners, LLC has elected under the Internal Revenue Code to be taxed as a partnership. In lieu of corporation income taxes, the stockholders of DFN Partners, LLC are taxed on their proportionate share of the Company's taxable income.

#### Intangible Assets

Generally accepted accounting principles require that the purchase method of accounting be used for all business combinations and specifies criteria that intangible assets acquired in a purchase method business combination must meet to be recognized and reported apart from goodwill. It also requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually. We evaluated our intangible assets and determined there was no impairment necessary as of December 31, 2009. Our intangible assets will be amortized over a 15 year life.

#### Cash and Cash Equivalents

We maintain cash balances in accounts that may exceed federally insured limits. We consider all highly liquid unrestricted investments with original maturities of three months or less to be cash equivalents for purposes of the statement of cash flows.

#### 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Financial Instruments:

The carrying value of our cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short-term maturity of these instruments. Fair values are based on quoted market prices and assumptions

concerning the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of perceived risk.

#### Recent Accounting Pronouncements

In June 2009, the FASB issued ASC 105 *Accounting Standards Codification*™ and the *Hierarchy of Generally Accepted Accounting Principles*. The FASB Accounting Standards Codification™ (the “Codification”) has become the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in accordance with Generally Accepted Accounting Principles (“GAAP”). All existing accounting standard documents are superseded by the Codification and any accounting literature not included in the Codification will not be authoritative. Rules and interpretive releases of the SEC issued under the authority of federal securities laws, however, will continue to be the source of authoritative generally accepted accounting principles for SEC registrants. Effective September 30, 2009, all references made to GAAP in our consolidated financial statements will include references to the new Codification. The Codification does not change or alter existing GAAP and, therefore, will not have an impact on our financial position, results of operations or cash flows.

In June 2009, the FASB issued changes to the consolidation guidance applicable to a variable interest entity (VIE). FASB ASC Topic 810, "Consolidation," amends the guidance governing the determination of whether an enterprise is the primary beneficiary of a VIE, and is, therefore, required to consolidate an entity, by requiring a qualitative analysis rather than a quantitative analysis. The qualitative analysis will include, among other things, consideration of who has the power to direct the activities of the entity that most significantly impact the entity's economic performance and who has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. This standard also requires continuous reassessments of whether an enterprise is the primary beneficiary of a VIE. FASB ASC 810 also requires enhanced disclosures about an enterprise's involvement with a VIE. Topic 810 is effective as of the beginning of interim and annual reporting periods that begin after November 15, 2009. This will not have an impact on the Company's financial position, results of operations or cash flows.

In June 2009, the FASB issued Financial Accounting Standards Codification No. 860 - Transfers and Servicing. FASB ASC No. 860 improves the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. FASB ASC No. 860 is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. This will not have an impact on the Company's financial position, results of operations or cash flows.

## NOTE C – FAIR VALUE MEASUREMENTS

The Company adopted ASC Topic 820-10 at the beginning of 2009 to measure the fair value of certain of its financial assets required to be measured on a recurring basis. The adoption of ASC Topic 820-10 did not impact the Company's financial condition or results of operations. ASC Topic 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). ASC Topic 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability. The three levels of the fair value hierarchy under ASC Topic 820-10 are described below:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2 – Valuations based on quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities..

Level 3 – Valuations based on inputs that are supportable by little or no market activity and that are significant to the fair value of the asset or liability.

The following table presents a reconciliation of all assets and liabilities measured at fair value on a recurring basis as of December 31, 2009:

	Level 1	Level 2	Level 3	Fair Value
Cash	\$ 371,042	\$ -	\$ -	\$ 371,042
Line of credit	180,782	-	-	180,782
Accounts receivable	-	1,171,507	-	1,171,507
Prepaid Assets	-	155,522	-	155,522
Deposits	-	100,000	-	100,000

Employee Term Notes	-	210,000	-	210,000
Inventory	-	1,180,315	-	1,180,315
Accounts payable	-	564,505	-	564,505
Accounts payable – related	-	313,135	-	313,135
Furniture & Equipment – Net	-	-	102,378	102,378
Intangible assets – Net	-	-	138,667	138,667
Investments	-	-	138,020	138,020
Total	<u>\$ 551,824</u>	<u>\$ 3,694,984</u>	<u>\$ 379,065</u>	<u>\$ 4,625,873</u>

#### NOTE D – NET CAPITAL REQUIREMENTS

As a licensed securities dealer, the Company is required to maintain net capital of \$250,000 at all times. If deposits decrease to within 120% of this level, then it is reported to the Financial Industry Regulatory Authority.

#### NOTE E – RELATED PARTY TRANSACTIONS

Mr. Donald DeWaay, a stockholder of DFN Partners, LLC also is the owner of DeWaay Capital Management, Inc., DeWaay Benefit Administrators, Fine Wine Direct, LLC, & Commerce Park, LLC. At December 31, 2009, we owed DeWaay Capital Management, Inc. \$35,000 to reimburse DeWaay Capital Management, Inc. for events and other expenses. The amount we paid for employee benefits, rent, and other expenses to DeWaay Capital Management, Inc. for the year ended December 31, 2009 was \$883,000.

At December 31, 2009, we owed Mr. Donald DeWaay for commissions totaling \$278,000. During the year ended December 31, 2009, we paid Donald DeWaay \$3,667,000 in commissions.

#### NOTE F - CONCENTRATIONS

In 2009, we recognized 30% and 16% of our total revenue from two of our registered representatives.

Financial instruments that potentially subject the Company to credit risks include cash deposits and investments in excess of federally insured limits.

#### NOTE G – PENSION PLAN

Our employees are eligible to participate in the DeWaay & Associates 401(k) Profit Sharing Plan. Employees may immediately make Deferral contributions to the Plan as long as they have attained the age of 21. Participants are 100% immediately vested in their Deferred contributions. The plan allows for an Employer Matching contribution. The Employer Matching contribution is equal to 25% of the participant's Deferral contributions, not to exceed 6% of the participant's compensation. The vesting scale for the Employer Matching contributions is a 6 year graded scale. The plan allows for a Discretionary Profit Sharing contribution. For the year ended December 31, 2009 we made an Employer Matching contribution of 43,000 to the DeWaay & Associates 401 (k) Profit Sharing Plan.

#### NOTE H – EXEMPTION STATUS UNDER SEC RULE 15c3-3

We act as an underwriter of Direct Participation Partnerships offerings, sell application-way investment company offerings (mutual funds) and small corporate offerings. We have no control over the funds or the securities which it handles on behalf of customers. All funds are transferred directly from the customer to the clearing facility. Upon receipt of customer funds, the clearing facility transfers securities to the customer and we receive a commission from the transaction. We believe that the transactions of DeWaay Financial Network, LLC are within the exemptions section, which is located at Rule 15c3-3 (k)(2)(ii).

#### NOTE I – COMPUTATION OF NET CAPITAL

In compliance with the Financial Industry Regulatory Authority, net capital at December 31, 2009 is computed as follows:

Total Stockholder's Equity	\$	2,509,030
Less: Nonallowable accounts receivable	(	290,188)
Less: Nonallowable Furniture & Fixtures	(	102,378)
Less: Nonallowable prepaid expenses	(	482,210)
Less: Nonallowable Employee Notes	(	210,000)
Less: Inventory Haircut	(	<u>49,382</u> )
Net Capital	\$	<u><u>1,374,872</u></u>

The computed net capital per the Company agreed with audited net capital.

Net Capital	\$	1,374,872
Net Capital per company computation		<u>1,374,872</u>
Difference	\$	<u><u>-</u></u>

## NOTE J – LEASES

On January and April of 2008, we entered into an office building lease agreements. The future minimum lease payments under these leases as of December 31, 2009 are as follows:

<u>Year Ending:</u>	<u>Total</u>
2010	225,319
2011	195,158
2012	199,332
2013	<u>50,094</u>
	<u>\$669,903</u>

## NOTE K – LINE OF CREDIT

We have a \$5,000,000 line of credit loan with Security Bank of Kansas City that expires on April 11, 2010. This letter of credit is collateralized by possessory collateral held at Security Bank of Kansas. The balance on this line was \$180,782 as of December 31, 2009 with \$277,522 of possessory collateral.

## NOTE L – MARGIN ACCOUNT

We have a margin account with our clearing firm Pershing, LLC, which is collateralized with our collateral held at Pershing LLL. Our net balance due on margin to Pershing, LLC on December 31, 2009 was \$0 with \$902,793 of collateral.

## NOTE M – EMPLOYEE TERM NOTES

We entered into agreements with employees and advanced \$350,000 under unsecured notes. These term notes will be repaid under certain conditions of non-employment and will be forgiven if the employee remains with us for a five year period. The current portion of these term notes is forgiven on December 31 each year of employment. As of December 31, 2009, the balance of these term notes is \$210,000 of which \$70,000 is current. \$70,000 was forgiven during the year ended December 31, 2009.

## NOTE N – SUBSEQUENT EVENTS

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through February 19, 2010, the date the financial statements were issued. There were no subsequent events.



**Report of Independent Registered Public Accounting Firm**  
**on Internal Control Structure**  
**Required by SEC Rule 17a-5**

Members

DeWaay Financial Network, LLC  
Clive, Iowa

In planning and performing our audit of the consolidated financial statements of DeWaay Financial Network, LLC (the "Company") as of and for the year ended December 31, 2009 (on which we issued our report dated February 19, 2010 and such report expressed an unqualified opinion), in accordance with auditing standards generally accepted in the United States of America, 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 for 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 have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included test of compliance with 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 customers securities, we did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governments of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements 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 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.

Certified Public Accountants & Consultants  
411 Valentine, Suite 300  
Kansas City, Missouri 64111  
Phone: (816) 756-5525  
Fax: (816) 756-2252

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 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 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, 2009, to meet the SEC's objectives.

This report is intended solely for the information and use of the Members, management, the SEC, Financial Industry Regulatory Authority, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered broker-dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Weaver & Martin, LLC*

Weaver & Martin LLC  
Kansas City, Missouri  
February 19, 2010