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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

SEC FILE NUMBER
8- 67911

REC'D S.E.C.
MAR 1 2010

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 12/1/2008 AND ENDING 12/31/2009
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: ~~Capstone Financial Group, Inc.~~
Zander Evans Securities Inc
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

5708 Olinger Blvd.

(No. and Street)

Edina

MN

55436

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Cindy Jenkins (952) 270-5052

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Boyum & Barescheer, PLLP

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

7800 Metro Parkway, Suite 200

Minneapolis

MN

55425

(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)

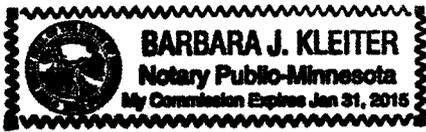
SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Cindy Jenkins, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Zander Evans Securities, Inc., 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:



Barbara J. Kleiter
Notary Public

Cynthia Jenkins
Signature
CEO/Pres.
Title

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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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Zander Evans Securities, Inc.
Edina, MN 55436

We have audited the accompanying balance sheet of Zander Evans Securities, Inc. as of December 31, 2009, and the related statement of income, stockholders' equity and cash flows for the 13 month period 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.

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 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 statement referred to in the first paragraph above present fairly, in all material respects, the financial position of Zander Evans Securities, Inc. at December 31, 2009, and the results of its operations and its cash flows for the 13 month period then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The information contained in the schedule presented on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statement, 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.

Boyum & Barenscheer PLLP

Minneapolis, Minnesota
February 26, 2010

ZANDER EVANS SECURITIES, INC.
(AN S CORPORATION)

BALANCE SHEET

DECEMBER 31,	2009
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 61,315
Accounts receivable	4,297
Prepaid expenses	767
<i>Total current assets</i>	66,379
PROPERTY AND EQUIPMENT, net	-
<i>Total assets</i>	\$ 66,379
LIABILITIES AND STOCKHOLDER'S EQUITY	
LIABILITIES	
Accounts payable	\$ 8,390
<i>Total liabilities</i>	8,390
STOCKHOLDER'S EQUITY	
Common stock, no par value, 1,000,000 shares authorizes 600,000 shares issued and outstanding	14,000
Additional paid-in capital	10,000
Retained earnings	33,989
<i>Total stockholder's equity</i>	57,989
<i>Total liabilities and stockholder's equity</i>	\$ 66,379

The Notes to Financial Statements are an integral part of these statements.

ZANDER EVANS SECURITIES, INC.
(AN S CORPORATION)

STATEMENT OF INCOME

13 MONTHS ENDED DECEMBER 31,	2009
	<u>Amount</u>
REVENUES	\$ 72,640
OPERATING EXPENSES	<u>35,826</u>
<i>Income (loss) from operations</i>	36,814
OTHER INCOME (EXPENSE)	
Interest income	<u>113</u>
Total other income	113
<i>Net income</i>	<u><u>\$ 36,927</u></u>

The Notes to Financial Statements are an integral part of these statements.

ZANDER EVANS SECURITIES, INC.
(AN S CORPORATION)

STATEMENT OF STOCKHOLDER'S EQUITY

13 MONTHS ENDED DECEMBER 31, 2009

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Stockholder's Equity
Balance at November 30, 2008	600,000	\$ 14,000	\$ 10,000	\$ 7,600	\$ 31,600
Stockholder Distributions	-	-	-	(10,538)	(10,538)
Net Income -13 month period	-	-	-	36,927	36,927
Balance at December 31, 2009	600,000	\$ 14,000	\$ 10,000	\$ 33,989	\$ 57,989

The Notes to Financial Statements are an integral part of these statements.

ZANDER EVANS SECURITIES, INC.
(AN S CORPORATION)

STATEMENT OF CASH FLOWS

13 MONTHS ENDED DECEMBER 31,	2009
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	\$ 36,927
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation	906
Changes in operating assets and liabilities:	
Accounts receivable	(377)
Prepaid expenses	349
Accounts payable	6,247
	<hr/>
<i>Net cash provided (used) by operating activities</i>	44,052
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<hr/> -
	<hr/>
<i>Net cash used by financing activities</i>	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Stockholder distributions	<hr/> (10,538)
	<hr/>
<i>Net cash used by financing activities</i>	(10,538)
Increase in cash	33,514
	<hr/>
<i>Cash, beginning of year</i>	27,801
	<hr/>
<i>Cash, end of year</i>	\$ 61,315

The Notes to Financial Statements are an integral part of these statements.

ZANDER EVANS SECURITIES, INC.
(AN S CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of business:

Zander Evans Securities, Inc. (the Company) was incorporated July 2, 2007. The company is registered as a broker dealer under the Securities Exchange Act of 1934 and is a member of the FINRA. The Company became a registered broker dealer on December 1, 2008.

Cash:

For purposes of reporting the statement of cash flows, the Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash balances in excess of FDIC and similar insurance coverages are subject to the usual banking risks associated with funds in excess of those limits.

Property and equipment:

Property and equipment are being depreciated using straight-line and accelerated methods over their estimated useful lives of 5 to 7 years.

Revenues:

The company's revenues during December 31, 2009 derived from accounting and consulting revenue.

Income taxes:

The Company, with stockholder consent, has elected to be taxed as an "S Corporation" under the provisions of the Internal Revenue Code and comparable state income tax law. As an S corporation, the Company is generally not subject to corporate income taxes and the Company's net income or loss is reported on the individual tax returns of the stockholders of the Company. Therefore, no provision or liability for income taxes is reflected in the financial statements.

The Company has not been audited by the Internal Revenue Service or state of Minnesota, and accordingly the business tax returns since inception (since less than three and one-half years) are open to examination. Management has evaluated its tax positions and has concluded that they do not result in anything that would require either recording or disclosure in the financial statements based on the criteria set forth in Accounting Standards Codification (ASC) section 740.

ZANDER EVANS SECURITIES, INC.
(AN S CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

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.

Accounting period and period end date:

Effective December 1, 2008, the Company became a registered broker dealer. There was no audit conducted for the 2008 short year. Therefore, the statement of income, stockholder's equity and cash flows covers a thirteen month period ending December 31, 2009.

Subsequent events:

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through February 26, 2010, the date of the financial statements were available to be issued.

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at:

December 31,	2009
Computer equipment	906
<i>Total property and equipment</i>	906
Less: Accumulated depreciation	906
Property and equipment, net	\$ -

Depreciation expense was \$906 for the 13 month period ended December 31, 2009.

ZANDER EVANS SECURITIES, INC.
(AN S CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 3. NET CAPITAL REQUIREMENTS

The Company is subject to Securities and Exchange Commission Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Net capital and the related net capital ratio fluctuate on a daily basis. At December 31, 2009, the Company had a net capital of \$52,021 which was \$47,021 in excess of its required net capital of \$5,000. The Company's net capital ratio was .161 to 1 at December 31, 2009.

ZANDER EVANS SECURITIES, INC.
(AN S CORPORATION)

SCHEDULE OF NET CAPITAL

DECEMBER 31, 2009

Total stockholders' equity	\$	57,989
Deduction and/or charges:		
Non-allowable assets:		
Accounts receivable and work in process, net	\$	4,297
Other assets		767
Property and equipment, net		-
		5,064
Net capital before haircuts on securities owned		52,925
Haircuts on securities positions		904
Net capital		52,021
AGGREGATE INDEBTEDNESS		
Total liabilities from balance sheet		8,390
REQUIRED NET CAPITAL		
NASD required N.C. (6.67% Aggr. Ind.) or \$5,000 whichever is greater	\$	5,000
SEC early warning requirement (120% Required N.C.)		6,000
Required net capital		5,000
EXCESS NET CAPITAL		
Net capital	\$	52,021
Required net capital		5,000
Excess net capital		\$ 47,021
AGGREGATE INDEBTEDNESS/NET CAPITAL RATIO		
Aggregate indebtedness	\$	8,390
Net capital		52,021
Ratio		0.161 to 1
RECONCILIATION WITH COMPANY'S COMPUTATION		
Net capital as reported in the Company's Part II FOCUS report, Form X-17A-5 (unaudited) as of December 31, 2009	\$	52,021
Reconciling items		-
Net Capital per above		\$ 52,021

**INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORT ON INTERNAL
ACCOUNTING CONTROL**

To The Board of Directors
Zander Evans Securities, Inc.
Edina, Minnesota

In planning and performing our audit of the financial statements of Zander Evans Securities, Inc. (the Company) as of and for the 13 month period ended December 31, 2009 in accordance with auditing standards generally accepted in the United States of America , we considered the Company's internal control over financial reporting 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over financial reporting.

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 (including tests of compliance with such practices and procedures) followed by Zander Evans Securities, Inc. that we 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 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 and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13.
2. 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.
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15c3-3.

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 the 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 accordance with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of the inherent limitations in any internal control structure or the practices and procedures referred to above, errors 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting 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 were adequate at December 31, 2009, to meet the SEC's objectives.

This report is intended solely for the information and use of 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.

Boyum & Barescheer PLLP

Minneapolis, Minnesota
February 26, 2010

**INDEPENDENT ACCOUNTANT'S REPORT ON SIPC ASSESSMENT
RECONCILIATION**

Board of Directors
Zander Evans Securities, Inc.
Edina, Minnesota

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the Assessment and Payments [Transitional Assessment Reconciliation (Form SIPC-7T)] to the Securities Investor Protection Corporation (SIPC) for the period from April 1, 2009 to December 31, 2009, which were agreed to by Zander Evans Securities, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC and other designated examining authorities, solely to assist you and the other specified parties in evaluating Zander Evans Securities, Inc. compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7T). Zander Evans Securities, Inc. management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7T with respective cash disbursement records entries, noting no differences;
2. Compared the Total Revenue amounts of the audited Form X-17A-5 for the year ended December 31, 2009 less revenues reported on the FOCUS reports for the period from January 01, 2009 to March 31, 2009, with the amounts reported in Form SIPC-7T for the period from April 1, 2009 to December 31, 2009, noting no differences;
3. There were no adjustments that need to be reported in form SIPC-7T;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules and working papers, noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Boyum & Barescheer PLLP

Minneapolis, Minnesota
February 26, 2010

ZANDER EVANS SECURITIES, INC.
(AN S CORPORATION)

FINANCIAL REPORT

DECEMBER 31, 2009

SEC
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Washington, DC
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