

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

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



10027051

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

SEC FILE NUMBER  
8- 66005

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: KCD Financial, Inc.

OFFICIAL USE ONLY

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

FIRM I.D. NO.

3313 S. Packerland Suite E

(No. and Street)

De Pere, WI 54115

(City)

(State)

(Zip Code)

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

Linda Bradle

(920) 347-3400

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Brunette, Keith J.

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

808 Bayland Court Green Bay, WI 54304

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

SE Mail Processing Section

FEB 26 2010

Washington, DC 121

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)

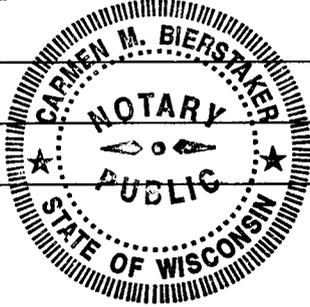
SEC 1410 (06-02)

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.

AB  
3/6

OATH OR AFFIRMATION

I, Linda Bradle, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of KCD Financial, 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:



Linda Bradle  
Signature  
Vice-President/COO  
Title

Carmen M. Bierstaker  
Notary Public *exp. 03-20-11*

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).

**KCD FINANCIAL, INC.**

De Pere, Wisconsin

**FINANCIAL STATEMENTS**

Including Accountant's Audit Report

December 31, 2009

**KCD Financial, Inc.**  
**Table of Contents**

	Page No.
<b>Board of Directors &amp; Shareholders Information</b>	1 - 2
<b>Accountant's Audit Report</b>	3-4
<b>Financial Statements</b>	
Statement of Financial Condition	5-6
Statement of Income & Retained Earnings	7
Statement of Cash Flows	8
Statement of Changes in Stockholder Equity	9
Notes to Financial Statements	10-12
Computation of Net Capital Under Rule 15c3-1	13
Reconciliation of Net Capital – Part IIA	14
Reconciliation of Net Capital – Explanations	15
<b>Supplemental Information</b>	
Operating Expenses – Cost of Labor	17
Operating Expenses – General	18

# Brunette Tax & Accounting, LLC

## Certified Public Accountants and Consultants

---

### Independent Auditor's Report on Internal Control of a Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3

February 22, 2010

Board of Directors and Shareholders  
KCD Financial, Inc.  
3313 S. Packerland Drive, Suite E  
De Pere, WI 54115

In planning and performing our audit of the financial statements of KCD Financial, Inc. for the year ended December 31, 2009, we considered its internal control structure, including procedures for safeguarding securities, 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 KCD Financial, Inc. that we considered relevant to the objectives stated in Rule 17a-5(g) (1), in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(11). We did not review the practices and procedures followed by the company in making the quarterly securities examination, 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 Sec. 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the company does not carry security accounts for customers or perform custodial functions relating to customer securities.

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 on internal control structure policies and procedures, and of the practices and procedures that 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) lists additional objectives of the practices and procedures listing in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities 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 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 the 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 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, our study and evaluation disclosed that some lack of segregation of function exists. Although this condition may be considered to be a material weakness in internal control, it is common condition in entities of this size. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of KCD Financial, Inc. for the year ended December 31, 2009. In addition, no facts came to our attention, which would indicate the company was not in compliance with its type k(2)(i) exemption from the requirements of SEC rule 15c3-3. However, it should be noted that our examination was not directed primarily toward obtaining knowledge of such noncompliance.

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 purpose 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 KCD Financial, Inc. to meet the SEC's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the Financial Industry National Regulatory Authority 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 purposes.

Sincerely,

Brunette Tax & Accounting, LLC

**Brunette Tax & Accounting, LLC**  
Certified Public Accountants and Consultants

---

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors and Shareholders  
KCD Financial, Inc.  
3313 S. Packerland Drive, Suite E  
De Pere, WI 54115

We have audited the accompanying Balance Sheet -- income tax basis, of KCD Financial, Inc. as of December 31, 2009, and the related statements of Income, Retained Earnings--income tax basis, Changes in Stockholders' Equity--income tax basis, Cash Flows -- income tax basis, and the computation of Net Capital. 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 generally accepted auditing standards. 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 the 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As part of our audit we performed a reconciliation of the audited computation of net capital and the broker-dealer's net capital as per the unaudited FOCUS Part IIA. Reconciliation between the audited computation and the unaudited information provided by the company on FOCUS Part IIA is part of this report.

Also, in conducting the audit in accordance with generally accepted auditing standards, we noted no material inadequacies in the procedures of systems of the company.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KCD Financial, Inc. as of December 31, 2009, and results of its operations and cash flows for the period then ended on the basis of accounting described in the Notes to the Financial Statements.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 11-13 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 respect in relation to the basic financial statements taken as a whole.

Sincerely,

Brunette Tax & Accounting, LLC

**KCD Financial, Inc.**  
**Statement of Financial Condition - Income Tax Basis**  
**December 31, 2009**

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
<b>CURRENT ASSETS</b>		
Cash in Bank - Associated Bank	\$72,186	\$44,219
Petty Cash	25	250
Accounts Receivable - Concessions	95,631	80,948
Accounts Receivable - SWS	1,743	4,096
SWS KCD Corp. Account	30,431	30,387
Money Market	0	59,166
Misc. Rep. Renewals	13,601	2,111
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	\$213,617	\$221,176
<b>FIXED ASSETS</b>		
Vehicles	\$0	\$15,000
Equipment	29,539	35,390
Furniture and Fixtures	6,647	6,647
Leasehold Improvements	1,349	1,349
Accumulated Depreciation	(34,198)	(52,804)
	<hr/>	<hr/>
TOTAL FIXED ASSETS	\$3,337	\$5,582
<b>OTHER ASSETS</b>		
(Cash segregated under federal and other regulations)		
Investment	\$30,011	\$34,020
Organizational Costs (net of amortization)	0	68
	<hr/>	<hr/>
TOTAL OTHER ASSETS	30,011	34,088
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$246,965</b>	<b>\$260,846</b>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

<b>CURRENT LIABILITIES</b>		
Accrued Commissions Payable	\$84,155	\$71,234
Misc. Monthly Vendor Accrued	4,428	(56)
Credit Card Payable	1,340	76
Other Accrued Liabilities	40,792	85,339
FICA Taxes Payable	0	11,410
State Withholding Payable	1,238	1,646
Federal Unemployment Payable	19	0
State Unemployment Payable	113	0
Simple IRA Payable	2,782	2,409
Preferred Stock Dividend Payable	3,229	0
Federal Tax Payable	20,690	0
Alabama Franchise Tax Payable	0	110
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	\$158,786	\$172,167

See accompanying notes to financial statements and accountants' audit report

**STOCKHOLDER'S EQUITY**

Common stock, .0001 Par Value - 50,000 shares registered with State	\$105,150	\$105,150
10,000 Board Authorized to be Issued 8,433 shares actually issued		
Preferred stock \$25 Par Value 25,000 Authorized 1,000 Issued	\$25,000	\$106,250
Additional Paid-In Capital	\$20,057	
Dividend - Preferred	-	(87,987)
Treasury Stock - Common	(11,000)	(11,000)
Retained Earnings	(51,028)	(23,734)
TOTAL EQUITY	<u>\$88,179</u>	<u>\$88,679</u>
<b>TOTAL LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>	<b><u>\$246,965</u></b>	<b><u>\$260,846</u></b>

**KCD Financial, Inc.**  
**Statement of Income and Retained Earnings - Income Tax Basis**  
**December 31, 2009**

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Concessions	\$2,238,449	\$3,676,272
Real Estate Fees	461,172	265,736
Other Operating Revenue	444,431	521,408
TOTAL REVENUE	<u>\$3,144,052</u>	<u>\$4,463,415</u>
OPERATING EXPENSES		
Commissions	\$2,581,914	\$3,658,692
Cost of Labor	408,740	522,482
Operating Expenses	69,431	387,308
TOTAL OPERATING EXPENSES	<u>\$3,060,085</u>	<u>\$4,568,482</u>
OPERATING LOSS/INCOME	\$83,967	(\$105,067)
PROVISION FOR INCOME TAXES	\$14,743	(\$1,915)
NET LOSS/INCOME	<u>\$98,710</u>	<u>(\$106,982)</u>
BEGINNING RETAINED EARNINGS	(\$149,738)	\$83,248
ENDING RETAINED EARNINGS	<u>(\$51,028)</u>	<u>(\$23,734)</u>

*See accompanying notes to financial statements and accountants' audit report*

**KCD Financial, Inc.**  
**Statement of Cash Flow - Income Tax Basis**  
**December 31, 2009**

	<u>2009</u>	<u>2008</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Operating Loss/Income	\$98,710	(\$106,982)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Amortization	68	471
Depreciation	2,869	2,754
Increase in Receivables	(23,820)	61,191
Increase in Payables	(13,380)	13,256
	<hr/>	<hr/>
Net Cash Produced by Operating Activities	64,447	(29,311)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Assets	(765)	(2,206)
Other Assets - Gain/loss on sale	141	
Required Deposits	3,964	(31,088)
Additional Paid-In Capital	20,057	
Payment of Preferred Dividend	(38,017)	(28,237)
Repurchase of Common Stock	0	0
Repurchase of Preferred Stock	(81,250)	(118,750)
	<hr/>	<hr/>
Net Cash Produced by Investment Activities	(95,870)	(180,280)
Net Increase in Cash	(31,424)	(209,591)
<b>CASH AT BEGINNING OF YEAR</b>	<hr/>	<hr/>
	103,635	313,226
<b>CASH AT END OF YEAR</b>	<hr/> <hr/>	<hr/> <hr/>
	\$72,211	\$103,635

See accompanying notes to financial statements and accountants' audit report

**KCD Financial, Inc.**  
**Statement of Changes in Stockholder Equity - Income Tax Basis**  
**December 31, 2009**

	<u>Capital</u>	<u>Retained Earnings</u>
Beginning Balance	\$ 200,400	\$ (111,721)
Contributed Capital	20,057	
Payment of Preferred Dividend		(38,018)
Redemption of Preferred Stock	(81,250)	
Net Income/(Loss)	<u>                    </u>	<u>98,711</u>
Ending Balance	<u><u>\$139,207</u></u>	<u><u>(\$51,028)</u></u>

*See accompanying notes to financial statements and accountants' audit report*

**KCD Financial, Inc.**  
**Notes to Financial Statements**  
**December 31, 2009**

Summary of Significant Accounting Principles

This summary of significant accounting policies of KCD Financial, Inc. is presented to assist in understanding the Company's Financial Statements. The Financial Statements and notices are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to other comprehensive basis of accounting, income tax basis, and have been consistently applied in the preparation of the Financial Statements.

Nature of Business

The company operates a brokerage services firm located in De Pere, WI. The Company is licensed by Financial Industry National Regulatory Authority, Inc. and is subject to the rules of that association. The Company currently purchases stocks, mutual funds, and insurance policies at the request of its clients.

Basis of Accounting

The company uses other comprehensive basis of accounting (OCBOA) tax depreciation for reporting purposes rather than method/lives required by generally accepted accounting principles.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Company considers all highly liquid debt instruments or investments purchased with a maturity of three months or less to be cash equivalents. In addition, the Company excludes restricted cash in this number.

Property and Equipment

Property and equipment are carried at cost. Depreciation of property and equipment is provided using accelerated methods over the underlying asset's estimated useful life for audit statement purposes and income tax purposes.

Income Taxes

The amount of current taxes payable or refundable is recognized as of the date of the financial statements utilizing currently enacted tax laws and rates. The current portion of the income tax expense included in the statement of operations as determined in accordance with FASB Statement No. 109, *Accounting for Income Taxes* are as follows: federal - \$(15,356) and state - \$613. As of December 31, 2009, the company had retained earnings of \$(51,028).

**KCD Financial, Inc.**  
**Notes to Financial Statements**  
**December 31, 2009**

Cash Segregated Under Federal and Other Regulations

As required by the SEC/FINRA, the Company has segregated cash of \$50,000 for the benefit of its clients. The amount segregated is determined by the number of brokers and type of securities traded.

Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC 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 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1).

Lease Agreement

The Company entered into a lease agreement for office space for its De Pere location with Business Development Corp., commencing March 1, 2007 for a term of 4 years ending February 28, 2011, at an annual rate of \$39,744 per year with 3.5% annual increases. The company is also responsible for all utilities.

Legal Issues

As of December 31, 2009 the company does not have any outstanding legal obligations. The Company is pursuing efforts to recover funds misappropriated by third-parties.

Stockholders' Equity

The Board of Directors of the Corporation is expressly vested with the authority to divide the Series Preferred Stock into one or more series and to fix, determine and state the voting power, dividend, redemption, conversion and liquidation rights, designations, preferences and relative, participating, optional or other special rights of the shares of each series and the qualifications, limitations and restrictions thereof in the resolution or resolutions providing for the issuance of such stock adopted by the Board of Directors hereto.

Subject to the prior and superior rights of the Series Preferred Stock and on the conditions set forth in any resolution or resolutions of the Board of Directors providing for the issuance of any particular series of the Series Preferred Stock, the Board of Directors may declare and pay dividends on the Common Stock from time to time as funds may be legally available, therefore, which may be payable in cash, stock or other property.

**KCD Financial, Inc.**  
**Notes to Financial Statements**  
**December 31, 2009**

Stockholders' Equity (continued)

Subject to the voting rights, if any, as may be set forth in any resolution or resolutions of the Board of Directors providing for the issuance of any particular series of any Series Preferred Stock, the holders of the Common Stock shall be entitled to one vote for each share held at all meetings of the stockholders of the Corporation. In the event of the liquidation, dissolution or winding up of the affairs of the Corporation and after all payments and distributions shall have been made in full to the holders of the Series Preferred Stock as may have been required under the terms of the resolution or resolutions of the Board of Directors providing for the issuance of any particular series of the Series Preferred Stock, the remaining assets and funds of the Corporation shall be distributed among the holders of the Common Stock according to their respective shares.

During 2009 the Series I Preferred Stock was redeemed, with remaining dividends and interest paid in full.

During 2009, Kenneth R. Schueler invested additional capital into the business. Additional Paid-In Capital is \$20,057.

Commissions

Commissions and related clearing expenses are recorded in the month the commission is earned. Commissions payable to representatives are estimated based on historical payout rates.

Subsequent Events

The majority shareholder of the corporation, Kenneth R. Schueler, passed away on February 7, 2010.

**KCD Financial, Inc.**  
**Computation of Net Capital Under Rule 15c3-1 of the**  
**Securities and Exchange Commission**  
**December 31, 2009**

	<u>2009</u>	<u>2008</u>
NET CAPITAL		
Total Stockholders' Equity	\$88,179	\$88,679
Deduct Stockholders' Equity Not allowed for Net Capital		0
	<hr/>	<hr/>
Total Stockholders' Equity Qualified for net Capital	88,179	88,679
Deductions and/or Charges:		
Nonallowable Assets:		
Petty Cash	25	250
Company Fixed Assets	3,337	5,582
Aged Receivables - over 30 days	5,413	5,161
Receivables From Non-Customers	13,601	2,111
Other Assets	0	68
	<hr/>	<hr/>
	22,376	13,172
NET CAPITAL	\$65,803	\$75,507
AGGREGATE INDEBTEDNESS:		
(Items included on Balance Sheet)		
Accounts Payable	89,923	71,253
Accrued Employer Taxes	68,864	100,914
	<hr/>	<hr/>
TOTAL AGGREGATE INDEBTEDNESS	\$158,787	\$172,167
Computation of Basic Net Capital Requirement:		
Minimum Net Capital Requirement:		
(based on aggregate indebtedness)	10,586	11,478
Minimum Dollar Requirement	50,000	50,000
Excess Net Capital	\$15,803	\$25,507
Excess net Capital at 1000%	\$49,925	\$58,290
Ratio: Aggregate Indebtedness to Net Capital	241%	228%

KCD Financial, Inc.  
 Reconciliation of Net Capital - Part IIA  
 December 31, 2009

<u>FOCUS REPORT ITEM</u>	<u>UNAUDITED FOCUS REPORT 12/31/09</u>	<u>AUDIT REPORT 12/31/09</u>	<u>DIFFERENCE</u>	<u>EXPLANATION REFERENCE</u>
<u>ASSETS</u>				
1. Cash	\$132,629	\$132,654	(\$25)	1
11. Other Assets	25	0	\$25	2

**KCD Financial, Inc.**  
**Reconciliation of Net Capital – Part IIA**  
**December 31, 2009**

EXPLANATIONS:

1. Petty Cash of \$25 is reclassified from Other Asset to Cash.
2. Petty Cash of \$25 was classified as Cash.

**SUPPLEMENTAL INFORMATION**

**KCD Financial, Inc.**  
**OPERATING EXPENSES - COST OF LABOR**  
**December 31, 2009**

	<u>2009</u>	<u>2008</u>
OPERATING EXPENSES		
COST OF LABOR		
Salaries	\$193,357	\$248,427
Hourly Wages	105,801	127,808
Exec Bonus Commission	42,070	80,857
FICA Tax Expense	20,458	30,947
Federal Unemployment Tax	370	392
State Unemployment Tax	776	809
Staff Training	633	1,575
Workers Comp	-	518
Car Allowance	26,350	14,000
Simple IRA Expense	8,299	5,905
Life Insurance	10,627	11,245
	<hr/>	<hr/>
TOTAL COST OF LABOR	<u>\$408,740</u>	<u>\$522,482</u>

**KCD Financial, Inc.**  
**OPERATING EXPENSES - GENERAL**  
**December 31, 2009**

	<u>2009</u>	<u>2008</u>
OPERATING EXPENSES		
NASD Reg. Fees/Misc	\$ (593)	\$1,719
State Reg. Fees	93	85
Licenses and Permits	-	-
E & O Insurance	(67,791)	(19,246)
Liability Insurance	1,005	500
Telephone	10,687	10,226
Postage and Delivery	5,298	8,077
Printing and Reproduction	38	467
Equipment Repairs	1,494	617
Computer Repairs	22,231	8,394
Computer Software	190	105
Equipment Rental	0	568
Rent	41,255	40,787
Gas and Electric	5,269	6,137
Property Taxes	215	251
Depreciation Expense	2,869	2,754
Amortization Expense	68	471
Miscellaneous	1,981	5,744
Advertising	0	0
Meals and Entertainment	0	44
Travel	(1,194)	47,896
Meetings	662	815
Office Supplies	3,473	8,027
Diminimis Fringe	654	4,821
Cleaning and Maintenance	3,198	1,320
Legal Fees	8,797	63,534
Accounting Fees	9,216	5,459
Consultants	(936)	180,321
Professional Fees - Technology	4,484	3,466
Miscellaneous Professional Fees	0	1,819
Dues and Subscriptions	1,758	1,425
Bad Debt Expense	0	30
Board of Directors Fees	0	0
Gain/Loss on Asset Disposal	141	0
Interest Expense	13,089	0
Bank Service Charges	1,780	675
	<hr/>	<hr/>
TOTAL COST OF OPERATING EXPENSES	<u>\$69,431</u>	<u>\$387,308</u>

See accompanying notes to financial statements and accountants' audit report