

153



kw  
3/3

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

11016091

Expires: April 30, 2013  
Estimated average burden  
hours per response... 12.00

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

Mail Processing  
Section

FEB 25 2011

SEC FILE NUMBER  
8- 51513

FACING PAGE

Washington, DC

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 01-01-10 AND ENDING 12-31-10  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Support Services Financial Advisors, Inc.  
dba: CHA Financial Advisors

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

7335 E. Orchard Road, Suite 200

(No. and Street)

Greenwood Village,  
(City)

CO  
(State)

80111-2512  
(Zip Code)

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

Michael J. Scott

720.330.6023

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

JDS Professional Group

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

5670 Greenwood Plaza Blvd., Suite 200 Greenwood Village, CO 80111-2512  
(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)

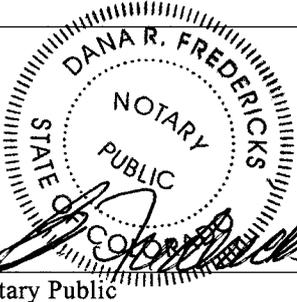
BB  
3/11

OATH OR AFFIRMATION

I, Michael J. Scott, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Support Services Financial Advisors, Inc. (dba) CHA Financial Advisors, as of February 24, 20 11, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_



[Signature]  
Notary Public

EXPIRES:  
5/29/13

[Signature]  
Signature

President  
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).

**SUPPORT SERVICES FINANCIAL ADVISORS, INC.**  
**dba CHA FINANCIAL ADVISORS**

Financial Statements As Of December 31, 2010 And 2009

Together With Independent Auditors' Report

SEC Mail Processing  
Section

FEB 25 2011

Washington, DC  
110

**JDS** professional  
group  
certified public accountants, consultants and advisors

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
of Support Services Financial Advisors, Inc.  
dba CHA Financial Advisors:

We have audited the accompanying statements of financial condition of Support Services Financial Advisors, Inc., dba CHA Financial Advisors ("SSFA") as of December 31, 2010 and 2009, and the related statements of income, changes in stockholders' equity and cash flows for the years 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 SSFA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 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 Support Services Financial Advisors, Inc. dba CHA Financial Advisors as of December 31, 2010 and 2009, 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 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 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.

*JDS Professional Group*

February 21, 2011

*Members:*

**SUPPORT SERVICES FINANCIAL ADVISORS, INC.**  
**dba CHA FINANCIAL ADVISORS**

Statements Of Financial Condition  
As Of December 31, 2010 And 2009

Page -3-

<b>ASSETS</b>	<u>2010</u>	<u>2009</u>
Cash	\$ 130,672	\$ 120,501
Accounts receivable, trade	36,298	25,729
Prepaid expenses	4,739	10,243
Deferred tax asset	3,175	2,350
<b>TOTAL ASSETS</b>	<u><u>\$ 174,884</u></u>	<u><u>\$ 158,823</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Accounts payable	\$ 0	\$ 0
Income taxes payable	28,200	7,888
Payable to SSI	24,320	43,532
Accrued expenses	23,711	20,510
Total Liabilities	<u>76,231</u>	<u>71,930</u>
Stockholders' Equity:		
Common stock	5,000	5,000
Paid-in capital	81,893	81,893
Retained earnings	11,760	0
Total Stockholders' Equity	<u>98,653</u>	<u>86,893</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u><u>\$ 174,884</u></u>	<u><u>\$ 158,823</u></u>

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

**SUPPORT SERVICES FINANCIAL ADVISORS, INC.**  
**dba CHA FINANCIAL ADVISORS**

Statements Of Income  
For The Years Ended December 31, 2010 And 2009

Page -4-

---

	<u>2010</u>	<u>2009</u>
Revenue:		
Commission and related revenue	<u>\$ 374,012</u>	<u>\$ 306,359</u>
Total Revenue	<u>374,012</u>	<u>306,359</u>
Expenses:		
SSI services	240,317	215,918
Office expenses	17,994	19,033
Professional fees	31,361	28,445
Travel and meetings	9,473	6,685
Occupancy	<u>5,732</u>	<u>5,867</u>
Total Expenses	<u>304,877</u>	<u>275,948</u>
Net income before income taxes	69,135	30,411
Income tax (expense)	<u>(27,375)</u>	<u>(5,538)</u>
<b>NET INCOME</b>	<u><u>\$ 41,760</u></u>	<u><u>\$ 24,873</u></u>

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

**SUPPORT SERVICES FINANCIAL ADVISORS, INC.**  
**dba CHA FINANCIAL ADVISORS**

Statements Of Changes In Stockholders' Equity  
For The Years Ended December 31, 2010 And 2009

Page -5-

	<u>Common</u>		<u>Paid-In Capital</u>	<u>Retained Earning</u>	<u>Total Stockholder's Equity</u>
	<u>Shares</u>	<u>Amount</u>			
Balance, January 1, 2009	1,000	\$ 5,000	\$98,410	\$ 8,610	\$ 112,020
Net Income				24,873	24,873
Dividend to shareholder			(16,517)	(33,483)	(50,000)
Balance, December 31, 2009	1,000	\$ 5,000	\$81,893	\$ 0	\$ 86,893
Net Income				41,760	41,760
Dividend to shareholder				(30,000)	(30,000)
Balance, December 31, 2010	<u>1,000</u>	<u>\$ 5,000</u>	<u>\$81,893</u>	<u>\$11,760</u>	<u>\$ 98,653</u>

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

**SUPPORT SERVICES FINANCIAL ADVISORS, INC.**  
**dba CHA FINANCIAL ADVISORS**

Statements Of Cash Flows  
For The Years Ended December 31, 2010 And 2009

Page -6-

	2010	2009
Cash flows from operating activities:		
Net income	\$ 41,760	\$ 24,873
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) in accounts receivable	(10,569)	(3,718)
(Increase) decrease in prepaid expenses	5,504	(6,906)
(Increase) in deferred income tax	(825)	(2,350)
Increase (decrease) in income tax payable	20,312	(1,421)
(Decrease) in accounts payable	0	(913)
Increase (decrease) in payable to SSI	(19,212)	28,242
Increase in accrued expenses	3,201	892
Net cash provided by operating activities	<u>40,171</u>	<u>38,699</u>
Cash flows from financing activities:		
Dividends paid	<u>(30,000)</u>	<u>(50,000)</u>
Net cash (used in) financing activities	<u>(30,000)</u>	<u>(50,000)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	10,171	(11,301)
Cash and Cash Equivalents, Beginning Of Year	<u>120,501</u>	<u>131,802</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 130,672</u></u>	<u><u>\$ 120,501</u></u>

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

**SUPPORT SERVICES FINANCIAL ADVISORS, INC.**  
**dba CHA FINANCIAL ADVISORS**

Notes To Financial Statements  
For The Years Ended December 31, 2010 And 2009

Page -7-

(1) **Nature Of Company**

Support Services Financial Advisors, Inc. dba CHA Financial Advisors, Inc (“SSFA”) is a Colorado Corporation that primarily markets and services retirement programs to health care providers. SSFA is registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). SSFA operates pursuant to SEC Rule 15c3-3(k)(1) limiting its broker-dealer business to the distribution of variable life insurance or annuities, including the sub-accounts thereof, as well as, mutual funds sold within 401(a), 403(b), 401(k), and 457 retirement plans. SSFA is a wholly-owned subsidiary of Support Services, Inc. dba CHA Shared Services, Inc. (SSI) which is a subsidiary of the Colorado Hospital Association, a non-profit organization.

(2) **Summary Of Significant Accounting Policies**

**Basis Of Accounting**

The financial statements of SSFA have been prepared on the accrual basis.

**Cash And Cash Equivalents**

For purposes of the Statement of Cash Flows, SSFA considers demand deposits and short-term investments with original maturities of 90 days or less as cash and cash equivalents.

**Accrued Expenses**

Accrued expenses include vacation and sick leave that SSFA’s personnel have earned but not yet taken as of year end.

**Allowance For Doubtful Accounts**

SSFA believes that its accounts receivable, recorded at fair value, are fully collectible. Its policy for charging off accounts receivable is when future payments thereon are determined to be improbable.

**Use Of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported period. Actual results could differ from those estimates.

**SUPPORT SERVICES FINANCIAL ADVISORS, INC.**  
**dba CHA FINANCIAL ADVISORS**

Notes To Financial Statements  
For The Years Ended December 31, 2010 And 2009

Page -8-

---

Fair Value Measurements

The carrying amount reported in the statements of financial condition for cash, accounts receivable, prepaid expenses, accounts payable, income taxes payable, payable to SSI, and accrued expenses, approximate fair value because of the immediate or short-term maturities of these financial instruments.

Evaluation of Subsequent Events

The Organization has performed an evaluation of subsequent events though February 21, 2011, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

Income Taxes

SSFA follows *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting and reporting for uncertainties in income tax law. *Accounting for Uncertainty in Income Taxes* prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. *Accounting for Uncertainty in Income Taxes* also provides guidance related to de-recognition, classification, and interest and penalties. During the year ended December 31, 2010, SSFA performed an evaluation of uncertain tax positions and did not note any matters that would require recognition.

SSFA's parent company SSI uses the asset and liability method as identified in the *Accounting for Income Taxes* accounting standard.

SSFA is no longer subject to U.S. federal and state income tax audits by taxing authorities for years through 2006 and 2005, respectively. The years subsequent to these years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as it relates to the amount and/or timing of income, deductions, and tax credits. Although the outcome of tax audits is uncertain, SSFA believes adequate amounts of tax have been paid.

(3) Concentrations

During the years ended December 31, 2010 and 2009, SSFA received 68% and 77% respectively, of its commissions from one company. Revenues from this company also represent 72% and 70% of accounts receivable, trade, respectively.

**SUPPORT SERVICES FINANCIAL ADVISORS, INC.**  
**dba CHA FINANCIAL ADVISORS**

Notes To Financial Statements  
For The Years Ended December 31, 2010 And 2009

Page -9-

---

(4) **Common Stock**

Of its 100,000 authorized shares of \$5 par, common stock, 1,000 shares are issued, outstanding and owned by SSI.

(5) **Net Capital Requirements**

SSFA 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). As of December 31, 2010 and 2009, SSFA had net capital of \$95,478 and \$84,543 respectively, which was \$90,396 and \$79,543 respectively, in excess of its required net capital of \$5,082 and \$5,000, respectively. SSFA's net capital ratio was 1 to 1 and 1 to 1, as of December 31, 2010 and 2009, respectively.

**SUPPORT SERVICES FINANCIAL ADVISORS, INC.**  
**dba CHA FINANCIAL ADVISORS**

Notes To Financial Statements  
For The Years Ended December 31, 2010 And 2009

Page -10-

(6) **Deferred Tax Assets**

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the company's deferred tax assets as of December 31, 2010 and 2009, are as follows:

	<u>2010</u>	<u>2009</u>
Deferred tax assets:		
Accrued compensation	<u>\$ 3,175</u>	<u>\$ 2,350</u>
Net deferred tax asset	<u>\$ 3,175</u>	<u>\$ 2,350</u>

Significant components of income tax expense are as follows:

	<u>2010</u>	<u>2009</u>
Current:		
Federal	\$ 24,900	\$ 6,385
State	3,300	1,503
Total Current	<u>28,200</u>	<u>7,888</u>
Deferred:		
Federal	(787)	(2,241)
State	(38)	(109)
Total Deferred	<u>(825)</u>	<u>(2,350)</u>
Total income tax expense	<u>\$ 27,375</u>	<u>\$ 5,538</u>

**SUPPORT SERVICES FINANCIAL ADVISORS, INC.**  
**dba CHA FINANCIAL ADVISORS**

Notes To Financial Statements  
For The Years Ended December 31, 2010 And 2009

Page -11-

---

(7) **Related Party Transactions**

SSFA is a wholly owned subsidiary of SSI. On July 1, 2003, SSFA and SSI entered into an Assumption and Assignment Agreement under which SSI agreed to contribute all of the assets and SSFA agreed to assume all liabilities and obligations in continuing the broker-dealer and regulated insurance business ("business"). The business is operated by SSFA in substantially the same manner as was conducted by SSI. In order to realize economies of scale, on July 1, 2003, SSFA and SSI entered into an Expense Sharing Agreement whereby SSI is to provide SSFA administrative, marketing, management and technical services, as well as office space and equipment. SSFA does not have personnel but reimburses SSI as a contractor for actual personnel costs incurred by SSI on behalf of SSFA. Direct costs are either paid directly by SSFA or by reimbursement through SSI. During the years ended December 31, 2010 and 2009, SSFA paid SSI \$266,502 and \$235,540 under this arrangement. In addition, during the years ended December 31, 2010 and 2009, SSFA paid dividends to SSI in the amount of \$30,000 and \$50,000, respectively. As of December 31, 2010 and 2009, amounts payable to SSI under this arrangement were \$24,320 and \$43,532, respectively.

**SUPPORT SERVICES FINANCIAL ADVISORS, INC.**  
**dba CHA FINANCIAL ADVISORS**

Computation Of Net Capital Under Rule 15c3-1  
Of The Securities and Exchange Commission  
As Of December 31, 2010

Page -12-

**SCHEDULE I**

	<u>2010</u>
Net capital	
Total stockholders' equity qualified for net capital	\$ 95,478
Total capital	<u>95,478</u>
Deductions and/or charges	
Non-allowable assets:	
Accounts Receivable	2,266
Prepaid expenses	4,739
Net capital	<u>\$ 88,473</u>
Aggregate indebtedness	
Items included in statement of financial condition:	
Taxes payable	\$ 28,200
Payable to SSI	24,320
Accrued expenses	23,711
Total aggregate indebtedness	<u>\$ 76,231</u>
Computation of basic net capital requirement	
Minimum net capital required	<u>\$ 5,082</u>
Excess net capital at 1000 percent	<u>\$ 83,391</u>
Ratio: Aggregate indebtedness to net capital	<u>1 to 1</u>
Reconciliation with SSFA's computation:	
Net capital, as reported in SSFA's Part II	
(unaudited) FOCUS report	\$ 86,095
Other adjustment	2,378
Adjusted net capital	<u>\$ 88,473</u>

**SUPPORT SERVICES FINANCIAL ADVISORS, INC.**  
**dba CHA FINANCIAL ADVISORS**

Reference To Other Supplemental Information Required By Rule  
17a-5 Under The Securities Exchange Act  
As Of December 31, 2010

Page -13-

---

**SCHEDULE II**

Computation for Determination of Reserve Requirements Under Rule 15c3-3	Exemption from rule 15c3-3 is claimed (limited basis)
Information Relating to the Possession or Control Requirements Under Rule 15c3-3	Exemption from rule 15c3-3 is claimed (limited basis)
Schedules of Segregation Requirements and Funds in Segregation Pursuant to the Commodity Exchange Act	Exemption from rule 15c3-3 is claimed (limited basis)
A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1, the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3, the Schedule of segregation Requirements and Funds in Segregation, and Corresponding Computations Made by the Independent Auditors Based on the Audited Financial Statements	Exemption from rule 15c3-3 is claimed (limited basis)



**INDEPENDENT AUDITORS' REPORT ON EXCLUSION FROM SECURITIES  
INVESTOR PROTECTION CORPORATION (SIPC) MEMBERSHIP**

To the Board of Directors of  
Support Services Financial Advisors, Inc.  
dba CHA Financial Advisors:

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have reviewed SSFA's annual submission claiming exclusion from membership (Form SIPC-3), which was filed with the Securities Investor Protection Corporation in Washington, D.C. on January 5, 2010, solely to assist the specified parties in evaluating SSFA's compliance with this rule. Management is responsible for compliance with these requirements. Based upon our review of the Form SIPC-3, it is our opinion that SSFA does qualify for exclusion from membership under the Securities Investor Protection Act of 1970 for the year ended December 31, 2010.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and the Financial Industry Regulatory Authority (FINRA), and is not intended to be and should not be used by anyone other than these specified parties.

*JDS Professional Group*

February 21, 2011

*Members:*

*American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants*  
5670 Greenwood Plaza Blvd., Suite 200 • Greenwood Village, CO 80111-2405 • 303 771 0123 • 303 771 0078 fax  
[www.jdscpagroup.com](http://www.jdscpagroup.com)



**REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5 FOR A  
BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3**

To the Board of Directors of  
Support Services Financial Advisors, Inc.  
dba CHA Financial Advisors:

In planning and performing our audit of the financial statements and supplemental schedules of Support Services Financial Advisors, Inc. dba CHA Financial Advisors (the "Company"), as of and for the year ended December 31, 2010, 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 tests of 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 (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemption 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

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has

*Members:*

*American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants*

5670 Greenwood Plaza Blvd., Suite 200 • Greenwood Village, CO 80111-2405 • 303 771 0123 • 303 771 0078 fax

www.jdscpagroup.com

responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in 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 deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected and corrected on a timely basis.

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 were adequate at December 31, 2010, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority (FINRA), 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.

*JDS Professional Group*

February 21, 2011