

AB  
3/20

SECURITY



12011957

MISSION

KH  
3/4

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	April 30, 2013
Estimated average burden hours per response . . .	12.00

SEC Mail  
Mail Processing  
Section

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

FEB 27 2012

SEC FILE NUMBER
8 - 66645

**Washington, DC 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 01/01/11 AND ENDING 12/31/11  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:  
**CND Financial Ltd.**

OFFICIAL USE ONLY
FIRM ID. NO.

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

7350 Circle Oak Dr.

(No. and Street)

Bulverde

(City)

Texas

(State)

78163

(Zip Code)

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

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

**Phillip V. George, PLLC**

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

4421 Wanda Lane

(Address)

Flower Mound

(City)

Texas

(State)

75022

(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)

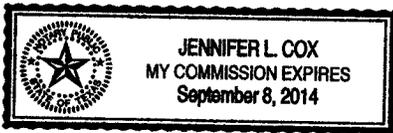
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

MA  
3/7

OATH OR AFFIRMATION

I, Milton Collier, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CND Financial Ltd., as of December 31, 2011, 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:

NONE



Milton Collier  
Signature  
President  
Title

Jennifer L Cox 2/24/12  
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 Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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).

\* - The Company is exempt from the filing of the SIPC Supplemental Report as net operating revenues are less than \$500,000.

**CND FINANCIAL LTD.**  
**FINANCIAL REPORT**  
**DECEMBER 31, 2011**

## CONTENTS

---

INDEPENDENT AUDITOR'S REPORT	1
------------------------------	---

---

FINANCIAL STATEMENTS	
Statement of financial condition	2
Statement of income	3
Statement of partners' capital	4
Statement of cash flows	5
Notes to financial statements	6 - 8

---

SUPPLEMENTARY SCHEDULE	
I. Supplementary information pursuant to Rule 17a-5	9

---

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL	10 - 11
---	---------

---

PHILLIP V. GEORGE, PLLC  
CERTIFIED PUBLIC ACCOUNTANT

**INDEPENDENT AUDITOR'S REPORT**

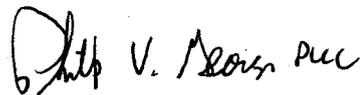
To the Partners  
CND Financial Ltd.

We have audited the accompanying statement of financial condition of CND Financial Ltd. (the Company) as of December 31, 2011, and the related statements of income, partners' capital, and cash flows for the year then ended that are 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 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 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 express no such opinion. An audit also 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 financial statements referred to above present fairly, in all material respects, the financial position of CND Financial Ltd. as of December 31, 2011, and the results of its operations and its cash flows for the year 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 financial statements as a whole. The supplementary information contained in Schedule I required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



PHILLIP V. GEORGE, PLLC

Flower Mound, Texas  
February 15, 2012

**CND FINANCIAL LTD.**  
**Statement of Financial Condition**  
**December 31, 2011**

**ASSETS**

Cash	\$ 10,731
Commissions receivable	635
Property and equipment, net	<u>2,388</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 13,754</u></u></b>

**LIABILITIES AND PARTNERS' CAPITAL**

**Liabilities**

Accounts payable and accrued expenses	\$ 516
<b>Partners' Capital</b>	<u>13,238</u>
<b>TOTAL LIABILITIES AND PARTNERS' CAPITAL</b>	<b><u><u>\$ 13,754</u></u></b>

**CND FINANCIAL LTD.**  
**Statement of Income**  
**Year Ended December 31, 2011**

<b>Revenue</b>	
Consulting and brokerage fees	<u>\$ 105,015</u>
<b>Expenses</b>	
Professional fees	17,653
Compensation and related costs	16,489
Communications	16,300
Occupancy and equipment	15,875
Travel	12,646
Regulatory fees	12,164
Promotion	970
Other expenses	<u>1,935</u>
 TOTAL EXPENSES	 <u>94,032</u>
 <b>NET INCOME</b>	 <u><u>\$ 10,983</u></u>

**CND FINANCIAL LTD.**  
**Statement of Partners' Capital**  
**Year Ended December 31, 2011**

	<u>General Partner</u>	<u>Limited Partners</u>	<u>Total</u>
Balances at December 31, 2010	\$ 2,871	\$ 26,584	\$ 29,455
Partners' contributions	-	9,550	9,550
Partners' distributions	-	(36,750)	(36,750)
Net income	<u>110</u>	<u>10,873</u>	<u>10,983</u>
Balances at December 31, 2011	<u>\$ 2,981</u>	<u>\$ 10,257</u>	<u>\$ 13,238</u>

**CND FINANCIAL LTD.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2011**

<b>Cash flows from operating activities:</b>	
Net income	\$ 10,983
Adjustments to reconcile net income to net cash used in operating activities:	
Change in assets and liabilities	
Increase in commissions receivable	(130)
Decrease in accounts payable and accrued expenses	<u>(12,070)</u>
Net cash used in operating activities	<u>(1,217)</u>
<b>Cash flows from financing activities:</b>	
Partners' contributions	9,550
Partners' distributions	<u>(36,750)</u>
Net cash used in financing activities	<u>(27,200)</u>
Net decrease in cash	(28,417)
Cash at beginning of year	<u>39,148</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 10,731</u></u>

**Supplemental Disclosures of Cash Flow Information:**

There was no cash paid during the period for interest or income taxes.

**CND FINANCIAL LTD.**  
**Notes to Financial Statements**  
**December 31, 2011**

**Note 1 - Nature of Business and Summary of Significant Accounting Policies**

Nature of Business:

CND Financial Ltd., (the Partnership) was organized in June 2004 as a Texas limited partnership. The Partnership specializes in providing financing for churches by offering bond origination and brokerage services. The Partnership is registered as a broker/dealer with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA).

The Partnership operates pursuant to section (k)(2)(i) exemptive provisions of Rule 15c3-3 of the Securities Exchange Act of 1934, and accordingly, is exempt from the remaining provisions of that Rule. The Partnership does not hold customer funds or securities. Under these exemptive provisions, the Computation for Determination of Reserve Requirements and Information Relating to the Possession and Control Requirements are not required.

The general partner of the Partnership is CND Holdings LLC. (General Partner). The General Partner has the authority to manage and control the business affairs of the Partnership.

The Partnership terminates on December 31, 2054, unless sooner terminated or extended as provided in the partnership agreement.

Significant Accounting Policies:

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the 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.

Fair Value of Financial Instruments

The Partnership's financial asset and liability amounts reported in the statement of financial condition are short-term in nature and approximate fair value.

Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over estimated lives of three to seven years

**CND FINANCIAL LTD.**  
**Notes to Financial Statements**  
**December 31, 2011**

**Note 1 - Nature of Business and Summary of Significant Accounting Policies (continued)**

Consulting and Brokerage Fees

The Partnership records consulting and brokerage fee income when earned under the terms of the respective agreements. Brokerage fees are earned as bonds are sold, upon the Partnership reaching the minimum escrow requirements.

Leads, Marketing and Promotion Costs

The Partnership expenses leads, marketing and promotion costs as they are incurred.

Income Taxes

Taxable income or loss of the Partnership is included in the income tax returns of the partners; therefore, no provision for federal income taxes has been made in the accompanying financial statements. The Partnership is subject to state income taxes.

As of December 31, 2011, open Federal tax years subject to examination include the tax years ended December 31, 2008 through December 31, 2010.

**Note 2 - Net Capital Requirements**

The Partnership is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2011, the Partnership had net capital and net capital requirements of \$10,215 and \$5,000, respectively. The Partnership's net capital ratio was 0.05 to 1.

**Note 3 - Property and Equipment**

Property and equipment is carried at cost less accumulated depreciation and consists of the following:

Office equipment	\$ 15,776
Accumulated depreciation	<u>( 13,388)</u>
	<u>\$ 2,388</u>

There was no depreciation expense recorded for 2011.

**CND FINANCIAL LTD.**  
**Notes to Financial Statements**  
**December 31, 2011**

**Note 4 - Related Party Transactions/Concentration of Revenue**

Two of the limited partners generated substantially all of the Partnership's revenue for the year ended December 31, 2011.

The Partnership leases its back office software from a related party under a Software Licensing Agreement (Agreement). The agreement calls for payment of \$1,500 per month, with additional costs to be assessed for new users. The related party at its own discretion may forgo payment under the Agreement. Amounts paid under this Agreement totaled \$15,250 for 2011.

One of the limited partners provides office space for the Partnership at no cost to the Partnership.

**Note 5 - Contingencies**

There are currently no significant asserted claims or legal proceedings against the Partnership, however, the nature of the Partnership's business subjects it to various claims, regulatory examinations, and other proceedings in the ordinary course of business. The ultimate outcome of any such action against the Partnership could have an adverse impact on the financial condition, results of operations, or cash flows of the Partnership.

**Note 6 - Subsequent Events**

Management has evaluated the Partnership's events and transactions that occurred subsequent to December 31, 2011, through February 15, 2012, the date which the financial statements were available to be issued.

There were no events or transactions that occurred during this period that materially impacted the amounts or disclosures in the Partnership's financial statements.

**Schedule I**

**CND FINANCIAL LTD.  
Supplementary Information  
Pursuant to Rule 17a-5  
December 31, 2011**

**Computation of Net Capital**

Total partners' capital qualified for net capital	<u>\$ 13,238</u>
Deductions and/or charges	
Non-allowable assets:	
Commissions receivable	635
Property and equipment, net	<u>2,388</u>
Total deductions and/or charges	<u>3,023</u>
<b>Net Capital</b>	<u><u>\$ 10,215</u></u>
Aggregate indebtedness	
Accounts payable and accrued expenses	<u>\$ 516</u>
Total aggregate indebtedness	<u><u>\$ 516</u></u>
Computation of basic net capital requirement	
Minimum net capital required (greater of \$5,000 or 6 2/3% of aggregate indebtedness)	<u><u>\$ 5,000</u></u>
Net capital in excess of minimum requirement	<u><u>\$ 5,215</u></u>
Ratio of aggregate indebtedness to net capital	<u><u>0.05 to 1</u></u>

**Reconciliation of Computation of Net Capital**

The above computation does not differ from the computation of net capital under Rule 15c3-1 as of December 31, 2011 as filed by CND Financial, Ltd. on Form X-17A-5. Accordingly, no reconciliation is deemed necessary.

**Statement of Changes in Liabilities Subordinated to Claims of General Creditors**

No statement is required as no subordinated liabilities existed at any time during the year.

**Statement Regarding Reserve Requirements and Possession or Control Requirements**

The Company operates pursuant to section (k)(2)(i) exemptive provisions of Rule 15c3-3 of the Securities Exchange Act of 1934. Under these exemptive provisions, the Computation for Determination of Reserve Requirements and Information Relating to the Possession and Control Requirements are not required.

**SIPC Supplemental Report**

The Company is exempt from the filing of the SIPC Supplemental Report as net operating revenues are less than \$500,000.

**PHILLIP V. GEORGE, PLLC**  
CERTIFIED PUBLIC ACCOUNTANT

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL REQUIRED BY  
SEC RULE 17a-5(g)(1)**

To the Partners  
CND Financial Ltd.

In planning and performing our audit of the financial statements of CND Financial Ltd. (the Partnership), as of and for the year ended December 31, 2011 in accordance with auditing standards generally accepted in the United States of America, we considered the Partnership'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 Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partnership'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 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

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 previously 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 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.

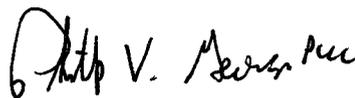
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's 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 previously.

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, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, 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 brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



PHILLIP V. GEORGE, PLLC

Flower Mound, Texas  
February 15, 2012