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

SEC FILE NUMBER  
8-53221

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

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: TRUENORTH SECURITIES, INC.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

8200 E. 32ND STREET NORTH, SUITE 100

(No. and Street)

WICHITA

(City)

KANSAS

(State)

67226

(Zip Code)

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

DAVID L. STROHM

316-266-6571

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

ALLEN, Gibbs & Houlik, L.C.

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

301 N. Main Street, Suite 1700 Wichita, KS.

(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)

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OATH OR AFFIRMATION

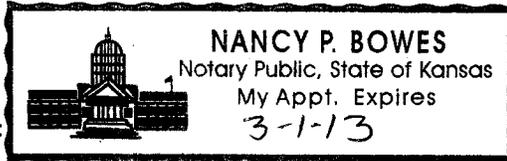
I, MARGARET E. HORNBECK, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TRUE NORTH SECURITIES, INC., as of DECEMBER 31, 20 12, are true and correct. I further swear (or affirm) that neither the company 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:

N/A

M. Hornbeck  
Signature

PRESIDENT, CEO, CCO  
Title

Nancy P. Bowes  
Notary Public



This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

TRUENORTH SECURITIES, INC.  
(A WHOLLY-OWNED SUBSIDIARY OF TRUENORTH, INC.)

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
WITH  
INDEPENDENT AUDITORS' REPORT



Allen, Gibbs & Houlik, L.C.  
CPAs & Advisors

***TRUENORTH SECURITIES, INC.***

(A WHOLLY-OWNED SUBSIDIARY OF TRUENORTH, INC.)

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2012 AND 2011

WITH

INDEPENDENT AUDITORS' REPORT

**TRUENORTH SECURITIES, INC.**  
(A WHOLLY-OWNED SUBSIDIARY OF TRUENORTH, INC.)

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2012 AND 2011**

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Allen, Gibbs & Houlik, L.C.  
CPAs & Advisors

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
**TrueNorth Securities, Inc.**

### **Report on the Financial Statements**

We have audited the statements of financial condition of TrueNorth Securities, Inc. (a wholly-owned subsidiary of TrueNorth, Inc.) (the Company) as of December 31, 2012 and 2011, and the related statements of operations, stockholder's equity and cash flows for the years then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TrueNorth Securities, Inc. at December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. 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 supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including (i) 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 (ii) other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

February 15, 2013  
Wichita, KS

**TRUENORTH SECURITIES, INC.**  
(A WHOLLY-OWNED SUBSIDIARY OF TRUENORTH, INC.)

STATEMENTS OF FINANCIAL CONDITION

DECEMBER 31, 2012 AND 2011

**ASSETS**

	2012	2011
Cash and cash equivalents	\$ 926,827	\$ 955,930
Commissions receivable	134,206	141,000
Prepaid expenses	142	371
Intangible asset, net of amortization of \$8,279	133,641	--
	\$ 1,194,816	\$ 1,097,301

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Accounts payable	\$ 191,183	\$ 177,194
Accrued expenses	1,905	23,700
Note payable	65,000	--
Income taxes payable, Parent	57,734	106,375
	315,822	307,269
Stockholder's equity:		
Common stock, par value \$1 per share; authorized 100,000 shares, issued and outstanding 40,000 shares	40,000	40,000
Additional paid-in capital	25,000	25,000
Retained earnings	813,994	725,032
	878,994	790,032
Total stockholder's equity	\$ 1,194,816	\$ 1,097,301

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

**TRUENORTH SECURITIES, INC.**  
(A WHOLLY-OWNED SUBSIDIARY OF TRUENORTH, INC.)

**STATEMENTS OF OPERATIONS**

**YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Revenues:		
Commission income	\$ 1,251,056	\$ 1,156,246
Other income	130,547	117,113
Interest	547	1,016
	<u>1,382,150</u>	<u>1,274,375</u>
Expenses:		
Payroll, payroll taxes and benefits	934,231	787,754
General and administrative	299,318	216,222
Interest	1,905	--
	<u>1,235,454</u>	<u>1,003,976</u>
Income before income taxes	146,696	270,399
Income taxes - current	<u>(57,734)</u>	<u>(106,375)</u>
Net income	<u>\$ 88,962</u>	<u>\$ 164,024</u>

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

**TRUENORTH SECURITIES, INC.**  
(A WHOLLY-OWNED SUBSIDIARY OF TRUENORTH, INC.)

STATEMENTS OF STOCKHOLDER'S EQUITY  
YEARS ENDED DECEMBER 31, 2012 AND 2011

	Common Stock		Additional Paid-in Capital	Retained Earnings	Total
	Number of Shares	Amount			
Balance, December 31, 2010	40,000	\$ 40,000	\$ 25,000	\$ 561,008	\$ 626,008
Net income				164,024	164,024
Balance, December 31, 2011	40,000	40,000	25,000	725,032	790,032
Net income				<b>88,962</b>	<b>88,962</b>
Balance, December 31, 2012	<b><u>40,000</u></b>	<b><u>\$ 40,000</u></b>	<b><u>\$ 25,000</u></b>	<b><u>\$ 813,994</u></b>	<b><u>\$ 878,994</u></b>

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

**TRUENORTH SECURITIES, INC.**  
(A WHOLLY-OWNED SUBSIDIARY OF TRUENORTH, INC.)

**STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<b>2012</b>	<b>2011</b>
Cash flows from operating activities:		
Net income	\$ <b>88,962</b>	\$ 164,024
Adjustments to reconcile net income to net cash flow from operating activities:		
Amortization	<b>8,279</b>	--
Changes in operating assets and liabilities:		
Commissions receivable	<b>6,794</b>	18,300
Prepaid expenses	<b>228</b>	(171)
Accounts payable	<b>13,990</b>	6,326
Accrued expenses	<b>(21,795)</b>	10,935
Income taxes payable, Parent	<b>(48,641)</b>	26,287
<b>Net cash flow from operating activities</b>	<b>47,817</b>	225,701
Cash flows from investing activities:		
Purchase of intangible asset	<b>(76,920)</b>	--
<b>Net cash flow from investing activities</b>	<b>(76,920)</b>	--
<b>Change in cash and cash equivalents</b>	<b>(29,103)</b>	225,701
Cash and cash equivalents, beginning of year	<b>955,930</b>	730,229
<b>Cash and cash equivalents, end of year</b>	<b>\$ 926,827</b>	\$ 955,930
<b>Supplemental disclosures of cash flow information</b>		
Income taxes paid to Parent	<b>\$ 106,375</b>	<b>\$ 80,088</b>
Note payable in connection with purchase of intangible asset	<b>\$ 65,000</b>	<b>\$ --</b>

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

# TRUENORTH SECURITIES, INC.

(A WHOLLY-OWNED SUBSIDIARY OF TRUENORTH, INC.)

## NOTES TO FINANCIAL STATEMENTS

### 1. BUSINESS OPERATIONS

TrueNorth Securities, Inc. (Company) was incorporated in the State of Kansas in 2000 and is a wholly owned subsidiary of TrueNorth, Inc. (Parent). The Company is a limited broker/dealer providing retirement plan investments to corporate customers. The Company is registered with the Securities Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). TrueNorth, Inc. provides investment advisory services and is a wholly owned subsidiary of The IMA Financial Group, Inc. (IMA). The Company operates under the provisions of Paragraph (k)(1) of Rule 15c3-3 of the SEC and, accordingly, is exempt from the remaining provisions of that Rule.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents - For purposes of reporting cash flows, the Company considers all highly liquid debt instruments with a maturity of three months or less at the date of purchase to be cash equivalents.

The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Revenue Recognition and Commissions Receivable - Revenue is recognized when services are performed. Commissions receivable are estimated amounts due from investment transactions, 401(k) finder fees and 401(k) commission trails occurring prior to year-end but not received before year-end. No allowance is necessary as all amounts are deemed collectible.

Income Taxes - The Company files consolidated income tax returns with IMA. Income taxes are allocated to the Company on the basis of its individual taxable income or loss, using a combined state and federal tax rate of 39%. The result of these allocations is reported on the statements of financial condition under the caption "Income taxes payable, Parent."

When applicable, deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. As of December 31, 2012 and 2011, there were no deferred tax assets or liabilities.

The Company recognizes the financial effects of a tax position only when it believes it can more likely than not support the position upon an examination by the relevant tax authority. Since the Company files a consolidated tax return with its parent, tax positions taken by the Company are evaluated in the consolidated tax return. As of December 31, 2012, no amounts have been recorded as uncertain tax positions in the Company's financial statements. Tax years that remain subject to examination in IMA's major tax jurisdictions (Federal, Kansas, Colorado, and Texas) are 2009, 2010, 2011 and 2012.

# TRUENORTH SECURITIES, INC.

(A WHOLLY-OWNED SUBSIDIARY OF TRUENORTH, INC.)

## NOTES TO FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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: (1) the reported amounts of assets and liabilities, (2) disclosures such as contingencies, and (3) the reported amounts of revenues and expenses included in such financial statements. Actual results could differ from those estimates.

Intangible Assets - Intangible assets represent the cost to purchase a book of business. The assets are amortized on a straight-line basis over a period of ten years. Amortization expense is approximately \$14,000 for the next five years.

Subsequent Events - Subsequent events have been evaluated through February 15, 2013, the date the audited financial statements were available to be issued.

### 3. INCOME TAXES

The income tax provision differs from the amount of income tax determined by applying the U.S. federal income tax rate to pretax income, primarily due to state income taxes and non-deductible expenses.

### 4. RELATED PARTY TRANSACTIONS

The Company is affiliated through common ownership with IMA and its subsidiaries, (Affiliates) which include the Company's Parent, TrueNorth, Inc. The Company shares office space with its Affiliates and is allocated a portion of rent. Administrative, recordkeeping, operational and other services necessary to conduct the Company's operations are provided to the Company by its Parent, other Affiliates or employees of Affiliates. For 2012 and 2011, the Company recognized \$313,293 and \$240,660, respectively, of expenses related to these sharing arrangements. The expense is included with payroll, payroll taxes and benefits expenses on the statement of operations. The Company owed its Affiliates \$0 and \$23,700, reflected as accrued expenses, on the statements of financial condition at December 31, 2012 and 2011, respectively.

Because the Company is under common ownership and management control with its Affiliates, its operating results and financial position may differ from those that would have been obtained had the Company been autonomous.

### 5. NOTE PAYABLE AND ACQUISITION

During 2012, the Company acquired the assets of Retirement Plan Solutions for \$141,920 and allocated the entire purchase price to the book of business (identifiable intangible asset). In connection with the acquisition, the Company issued an unsecured note payable in the amount of \$65,000 accruing interest at a rate of 5%. The note matures on July 31, 2013, and has various terms that affect the balance relating to the accounts transferring to the Company. As of December 31, 2012, management expects that the entire amount will be payable. Interest expense related to the note as of December 31, 2012, was \$1,905.

**TRUENORTH SECURITIES, INC.**

(A WHOLLY-OWNED SUBSIDIARY OF TRUENORTH, INC.)

**NOTES TO FINANCIAL STATEMENTS**

**6. NET CAPITAL REQUIREMENTS**

The Company 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 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, 2012, the Company had net regulatory capital and net capital requirements of \$600,645 and \$21,055, respectively. The Company's aggregate indebtedness to net capital ratio was .53 to 1. At December 31, 2011, the Company had net regulatory capital and net capital requirements of \$648,661 and \$20,485 respectively. The Company's aggregate indebtedness to net capital ratio was .47 to 1.

**SUPPLEMENTARY INFORMATION**

**TRUENORTH SECURITIES, INC.**  
**COMPUTATION OF NET CAPITAL UNDER**  
**RULE 15c3-1 OF THE SECURITIES EXCHANGE COMMISSION**

**SCHEDULE 1**

DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Aggregate indebtedness:		
Accounts payable	\$ 191,183	\$ 177,194
Accrued expenses	1,905	23,700
Note payable	65,000	--
Income taxes payable, Parent	<u>57,734</u>	<u>106,375</u>
Total aggregate indebtedness	<u>\$ 315,822</u>	<u>\$ 307,269</u>
Net capital:		
Credit items:		
Common stock	\$ 40,000	\$ 40,000
Additional paid-in capital	25,000	25,000
Retained earnings	<u>813,994</u>	<u>725,032</u>
Total credit items	<u>878,994</u>	<u>790,032</u>
Deductions and charges:		
Other deductions	<u>278,349</u>	<u>141,371</u>
Total deductions and charges	<u>278,349</u>	<u>141,371</u>
Net capital	<u>\$ 600,645</u>	<u>\$ 648,661</u>
Capital requirements:		
Net capital	\$ 600,645	\$ 648,661
Greater of 6-2/3% of aggregate indebtedness or minimum stated net capital for broker-dealer subsidiary (\$5,000)	<u>21,055</u>	<u>20,485</u>
Net capital in excess of requirements	<u>\$ 579,590</u>	<u>\$ 628,176</u>
Ratio of aggregate indebtedness to net capital	<u>.53 to 1</u>	<u>.47 to 1</u>

There were no liabilities subordinated to the claim of general creditors at December 31, 2012 and 2011.

**TRUENORTH SECURITIES, INC.**

**RECONCILIATION OF THE COMPUTATION OF NET CAPITAL AND AGGREGATE  
INDEBTEDNESS WITH THAT OF THE REGISTRANT  
AS FILED IN PART IIA OF FORM X-17A-5**

**SCHEDULE 2**

**DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>Aggregate indebtedness:</b>		
Aggregate indebtedness as reported by registrant in Part IIA of Form X-17A-5 as of December 31, 2012 and 2011	<u>\$ 315,822</u>	<u>\$ 307,269</u>
Aggregate indebtedness as computed on Schedule 1	<u>\$ 315,822</u>	<u>\$ 307,269</u>
<b>Net capital:</b>		
Net capital as reported by the registrant in Part IIA of Form X-17A-5 as of December 31, 2012 and 2011	<u>\$ 600,645</u>	<u>\$ 648,661</u>
Net capital as computed on Schedule 1	<u>\$ 600,645</u>	<u>\$ 648,661</u>

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**Independent Auditors' Report on Internal Control**



To the Board of Directors  
TrueNorth Securities, Inc.  
Wichita, Kansas

FEB 22 2013  
Washington DC  
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In planning and performing our audit of the financial statements of TrueNorth Securities, Inc. (the Company), as of and for the year ended December 31, 2012, 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 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 the 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.

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 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, 2012, to meet the SEC's objectives.

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

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

February 15, 2013  
Wichita, KS