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

SEC FILE NUMBER
8-48782

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 May 1, 2012 AND ENDING April 30, 2013
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: McDuffie-Morris Financial Group, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

3 Broadriver Road

(No. and Street)

Ormond Beach, Florida 32174-8744

(City)

(State)

(Zip Code)

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

Clifton Morris, Jr., CLU, ChFC Office number 1-888-484-1095

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Korwek & Company, PA

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

1113 Odenton Road Odenton, Maryland 21113-1606

(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)

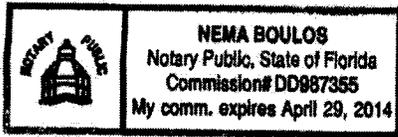
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8/20/13

OATH OR AFFIRMATION

I, CLIFTON MORRIS JR, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MORRIS MORRIS FINANCIAL GROUP, INC, as of APRIL 30th, 2013, 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]
Signature
PERSONAL
Title

[Signature]
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).

McDUFFIE-MORRIS
FINANCIAL GROUP, INC.

FINANCIAL STATEMENTS

AND

AUDITORS' REPORT

APRIL 30, 2013 AND 2012

KORWEK & COMPANY, P.A.
Certified Public Accountants

McDUFFIE-MORRIS
FINANCIAL GROUP, INC.

FINANCIAL STATEMENTS

AND

AUDITORS' REPORT

APRIL 30, 2013 AND 2012

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KORWEK & COMPANY, P.A.
Certified Public Accountants

1113 Odenton Road
Odenton, MD 21113-1606

TEL: (410) 674-7445
FAX: (410) 674-3771

INDEPENDENT AUDITORS' REPORT

Board of Directors
McDuffie-Morris Financial Group, Inc.

We have audited the accompanying financial of McDuffie-Morris Financial Group, Inc., which comprises the statements of financial condition of as of April 30, 2013 and 2012 and the related statements of operations, stockholder equity and other comprehensive income, cash flows, and changes in liabilities subordinated to claims of general creditors for the years then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange act of 1934.

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 air.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the 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 from 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 auditors' judgment, including the assessment of the risk 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 entities preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, it not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policy 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 McDuffie-Morris Financial Group, Inc. as of April 30, 2013 and 2012 and the results of their operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplemental information required by rule 17a-5 of the Securities and 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 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 basic financial statements taken as a whole.

KORWEK & COMPANY, PA

June 12, 2013

McDUFFIE-MORRIS FINANCIAL GROUP, INC.
STATEMENTS OF FINANCIAL CONDITION
APRIL 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 14,563	\$ 20,249
Commissions receivable	-	-
Prepaid insurance and expenses	-	-
Total current assets	14,563	20,249
PROPERTY AND EQUIPMENT, net		
Furniture and fixtures	12,627	12,627
Leasehold improvements	8,266	8,266
Less accumulated depreciation	(20,893)	(20,893)
Net property and equipment	-	-
OTHER ASSETS		
	-	-
	\$ 14,563	\$ 20,249
LIABILITIES AND STOCKHOLDER EQUITY		
CURRENT LIABILITIES		
Accounts payable and other accrued liabilities	\$ 925	\$ 3,257
Payroll tax liabilities	-	134
Total current liabilities	925	3,391
LONG-TERM OBLIGATIONS - net of current maturities		
	-	-
COMMITMENTS AND CONTINGENCIES		
	-	-
STOCKHOLDER EQUITY		
Capital stock, \$10 stated value, authorized 1,000 shares; issued and outstanding, 700 shares	7,000	7,000
Additional paid-in capital	1,995	1,995
Retained earnings	4,643	7,863
	13,638	16,858
	\$ 14,563	\$ 20,249

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

McDUFFIE-MORRIS FINANCIAL GROUP, INC.
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
REVENUE		
Revenue from sale of investment company shares	\$ 164,543	\$ 146,050
Market gain (loss) on firm securities investment accounts	-	-
Other revenue	34	40
Total revenue	164,577	146,090
 EXPENSES		
Salaries and other employment costs voting stockholder officer	135,774	88,857
Other compensation and benefits	-	11,395
Interest expense	-	63
Regulatory fees and expenses	1,437	2,355
Other expenses	30,586	40,591
Total expenses	167,797	143,261
Net income before income taxes	(3,220)	2,829
 Provision for income taxes		
Federal refund	-	-
State	-	-
	-	-
NET INCOME	\$ (3,220)	\$ 2,829

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

McDUFFIE-MORRIS FINANCIAL GROUP, INC.
STATEMENTS OF STOCKHOLDER EQUITY
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED APRIL 30, 2013 AND 2012

	<u>COMMON STOCK</u>	<u>ADDITIONAL PAID-IN CAPITAL</u>	<u>RETAINED EARNINGS</u>	<u>TOTAL STOCKHOLDERS' EQUITY</u>
Balance at May 1, 2011	\$ 7,000	\$ 1,995	\$ 5,034	\$ 14,029
Net income from operations	-	-	2,829	2,829
Return of Capital			-	-
Other Comprehensive Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at April 30, 2012	7,000	1,995	7,863	16,858
Net income from operations	-	-	(3,220)	(3,220)
Return of Capital			-	-
Other Comprehensive Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at April 30, 2013	<u>\$ 7,000</u>	<u>\$ 1,995</u>	<u>\$ 4,643</u>	<u>\$ 13,638</u>

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

McDUFFIE-MORRIS FINANCIAL GROUP, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FROM OPERATING ACTIVITIES		
Net income	\$ (3,220)	\$ 2,829
Adjustments to reconcile net income to net cash		
Depreciation and amortization	-	-
Changes in assets and liabilities:		
(Increase) decrease:		
Commissions receivable	-	-
Prepaid insurance and expenses	-	-
Increase (decrease):		
Accounts payable and other accrued liabilities	(2,466)	(4,764)
Payroll tax liabilities	-	-
Cash provided (used) by operating activities	(5,686)	(1,935)
CASH (PROVIDED) USED BY INVESTING ACTIVITIES		
Acquisition of property and equipment	-	-
Purchase (sale) of investments	-	-
Cash (provided) used for investing activities	-	-
CASH FROM FINANCING ACTIVITIES		
Return of Capital	-	-
Cash used for financing activities	-	-
INCREASE (DECREASE) IN CASH	(5,686)	(1,935)
CASH, BEGINNING OF YEAR	20,249	22,184
CASH, END OF YEAR	\$ 14,563	\$ 20,249
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest	\$ -	\$ 63

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

McDUFFIE-MORRIS FINANCIAL GROUP, INC.
STATEMENTS OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS
FOR THE YEAR ENDED APRIL 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Liabilities subordinated to general creditors at beginning of period	\$ -	\$ -
Changes	<u>-</u>	<u>-</u>
Liabilities subordinated to general creditors at end of period	<u>\$ -</u>	<u>\$ -</u>

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

McDUFFIE-MORRIS FINANCIAL GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013 AND 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company is a broker-dealer concentrating in mutual funds, tax deferred investments, and related insurance products. The Company was incorporated in the state of Maryland and started operations in October 1995. It subsequently moved its charter to the state of Florida in December 2003. The Company maintains a branch office in Maryland, with the main office in Florida. The Company is registered under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority (FINRA)

Preparation of financial statements in accordance with generally accepted accounting principles in the United States of America require 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 reported amounts of revenues and expenses, during the reporting period. On an ongoing basis, the company evaluates its estimates, including those related to the allowance for uncollectible accounts receivable, depreciation methods, and lives of equipment. The company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Cash and Cash Equivalents – The Company considers investments in money market accounts and certificates of deposit with maturities of three months or less to be cash equivalents.

Marketable Securities – Marketable securities are investments, which are considered trading securities and thus valued at fair market value.

Depreciation and Amortization – Depreciation is computed using either an accelerated method or straight line of depreciation, whichever is consistent with the method utilized to prepare the Company's tax return, over the estimated useful lives of the applicable assets. For the years ended April 30, 2013 and 2012, management has recorded depreciation under provisions of the tax code, which permit accelerated allowances in the acquisition year of the assets, which is not permitted under GAAP. If the generally accepted accounting principles had been followed, depreciation expense for the years ended April 30, 2013 and 2012 would be decreased by \$-0- and \$-0-, respectively. Expenditures for items considered to be maintenance and repair are charged to expense as incurred.

Advertising costs – Advertising costs are expensed as incurred. Advertising expense for the years ended April 30, 2013 and 2012 was \$-0- and \$-0-, respectively.

McDUFFIE-MORRIS FINANCIAL GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013 AND 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition – Commissions and fees earned on initial investment contracts are recognized as the contracts are accepted and executed by the investment companies. Subsequent commissions and fees are recognized when notified by the investment companies. Earned commissions may subsequently be forfeited should a client decide to cancel their investment in an annuity or life insurance product within the initial one year period. Such charge backs are recognized when incurred. Other commissions subsequently deemed uncollectible are written off using the direct write-off method.

Earnings per share – Earnings per share are calculated using the weighted average of shares of capital stock outstanding during each year. The loss per share for the year ended April 30, 2013 amounted to \$3.22 and the earnings per share for the year ending April 30, 2012 amounted to \$2.83.

Comprehensive Income – There is no difference between income and loss from operations and other comprehensive income or loss.

Income taxes – The Company files its federal and state income tax returns using the accrual basis of accounting. As such, there are no timing differences between the financial statements and the tax returns. Accordingly, no provision for deferred income taxes has been included in these financial statements.

Fair value of financial instruments – The Company's assets and liabilities are carried at fair value or contracted amounts which approximate fair value. Assets consist of cash and receivables. Liabilities consist of accounts payable and accrued expenses.

Subsequent events – Management considers events occurring after the balance sheet date which might have an impact on the Company's results of operations, asset or liability balances presented in the accompanying financial statements, Management has evaluated subsequent events through June 12, 2013, which is the date the financial statements were available to be issued.

NOTE B - COMMISSIONS RECEIVABLE

There are no Commissions receivables as of April 30, 2013 and 2012. Management regularly evaluates the collectability of the Company's receivables and consequently believes that as of April 30, 2013 and 2012, no allowance for doubtful receivables is required.

NOTE C - MARKETABLE SECURITIES

As of April 30, 2013 and 2012, the Company has no marketable securities.

McDUFFIE-MORRIS FINANCIAL GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013 AND 2012

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consist of furniture and fixtures. Depreciation and amortization expense for the year ended April 30, 2013 and 2012 amounted to \$-0- and \$-0-, respectively. Expenditures for maintenance and repairs amounted to \$1,879 and \$2,125 for the years ended April 30, 2013 and 2012, respectively.

NOTE E - SUBORDINATED LIABILITIES

The Company had no subordinated liabilities during the year ended April 30, 2013.

NOTE F - INCOME TAXES

The Company's provision for income taxes for the year ended April 30, 2013 amounted to \$-0-, resulting from the Company generating a net operating loss. For the year ended April 30, 2012, the Company utilized a net operating loss from the 2010 tax year. Generally, net operating losses can be carried back to the two years preceding the loss year and then forward for the next twenty years following the loss year. The Company has a net operating loss carryover of \$846.

The federal, state and local income tax returns for the Company are subject to examination by the Internal Revenue Service and state and local taxing authorities, generally for a period of three years from the date they were filed. The Company has not been notified of any intent for such an examination.

NOTE G - EXEMPTION FROM RULE 15c3-3

The Company is exempt from Rule 15c3-3 of the Securities Exchange Act of 1934 under subparagraph (k) because the Company's transactions are limited to the sale and redemption of redeemable securities of registered investment companies or interests or participations in an insurance company separate account and the Company promptly transmits all funds. Accordingly, the Company is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers" customarily referred to as the Reserve Bank Account.

NOTE H - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and a ratio of aggregate indebtedness to net capital, both as defined, which shall not exceed 15 to 1. The rule of the "applicable" exchange provides that equity capital may not be withdrawn for dividends if the resulting net capital ratio would exceed 10 to 1. At April 30, 2013 and 2012 the Company had net capital of \$13,638 and \$16,858, respectively, which was \$8,638 and \$11,858 in excess of its required net capital of \$5,000.

McDUFFIE-MORRIS FINANCIAL GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013 AND 2012

NOTE I - MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

The officer and sole shareholder of the Company is also a principal in other entities, exercising common control, which could affect the operating results or financial position of the Company. These results could be significantly different from those that would have been obtained if the Company was autonomous. Morris Wealth Management Group, LLC charged management fees of \$75,550 and \$45,500 for the years ended April 30, 2013 and 2012. Additionally they do share certain common resources, equipment and personnel without separate fees being charged. The Company pays annually \$12,000 in rent for its office location, there is not a formal lease agreement in place.

NOTE J - CONCENTRATIONS OF CREDIT RISK

The Company conducts its business primarily in the states of Maryland and Florida, and therefore could be materially affected by economic fluctuations in those geographic areas as well as changes in the investment choices of its customer base.

SUPPLEMENTAL INFORMATION

McDUFFIE-MORRIS FINANCIAL GROUP, INC.
ADJUSTMENT OF STOCKHOLDER EQUITY
APRIL 30, 2013

	<u>2013</u>	<u>2012</u>
Stockholder equity from statement of financial condition	\$ 13,638	\$ 16,858
Excess of market value over cost on short-term marketable securities	<u>-</u>	<u>-</u>
Adusted stockholder equity	<u>\$ 13,638</u>	<u>\$ 16,858</u>

McDUFFIE-MORRIS FINANCIAL GROUP, INC.

COMPUTATION OF AGGREGATE INDEBTEDNESS AND NET CAPITAL IN ACCORDANCE
WITH RULE 15C3-1 OF THE SECURITIES AND EXCHANGE COMMISSION
APRIL 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
NET CAPITAL		
Adjusted stockholder equity	\$ 13,638	\$ 16,858
Additions to net capital	-	-
Deduct stockholder equity not qualified for net capital	-	-
Total ownership equity qualified for net capital	<u>13,638</u>	<u>16,858</u>
Add liabilities subordinated to claims of general creditors allowable in computation of net capital	-	-
Other (deduction) or allowable creditors (lists)	-	-
Total capital and allowable subordinated liabilities	<u>13,638</u>	<u>16,858</u>
Deductions and/or charges		
Non-allowable assets		
Petty cash	-	-
Commissions and accounts receivable	-	-
Prepaid insurance and expenses	-	-
Prepaid taxes	-	-
Property and equipment, less 50% of secured liability	-	-
Other assets	-	-
Secured demand note deficiency	-	-
Commodity futures and spot commodities	-	-
Proprietary capital charges	-	-
Net capital before haircut on securities positions	<u>13,638</u>	<u>16,858</u>
Haircuts on securities		
Contractual securities commitments	-	-
Subordinated securities borrowings	-	-
Trading and investment securities	-	-
Stocks	-	-
Exempted securities	-	-
Debt securities	-	-
Options	-	-
Other securities	-	-
Undue concentrations	-	-
Other	-	-
Net Capital	<u>\$ 13,638</u>	<u>\$ 16,858</u>
NET CAPITAL REQUIREMENTS		
Minimum dollar net capital requirement	\$ 5,000	\$ 5,000
Net capital in excess of requirements	<u>8,638</u>	<u>11,858</u>
	<u>\$ 13,638</u>	<u>\$ 16,858</u>
AGGREGATE INDEBTEDNESS		
Total aggregate indebtedness	\$ 925	\$ 3,391
Less adjustments		
Secured notes payable	-	-
Deferred taxes	-	-
Net Aggregate Indebtedness	<u>\$ 925</u>	<u>\$ 3,391</u>
PERCENTAGE OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>6.78%</u>	<u>20.12%</u>

McDUFFIE-MORRIS FINANCIAL GROUP, INC.
RECONCILIATION OF FORM X-17A-5, SCHEDULE II
ANNUAL CONSOLIDATION AND DIVERSIFICATION SCHEDULE
TO AUDITED FINANCIAL STATEMENTS
APRIL 30, 2013

	Per Unaudited Form X-17 A-5	Audited Statement of Operations	Differences
REVENUE			
Commissions on transactions in exchange listed equity securities executed on an exchange	\$ -	\$ -	\$ -
Commissions on listed options transactions	-	-	-
All other securities commissions	-	-	-
Gains or losses on firm securities investment accounts	-	-	-
Revenue from the sale of investment company shares	164,322	164,543	(221)
Fees for supervision, investment, advisory and administrative services	-	-	-
Other revenue	<u>18</u>	<u>34</u>	<u>(16)</u>
Total revenue	164,340	164,577	(237)
EXPENSES			
Salaries and other employment costs (including management fees) voting shareholder officers	142,775	135,774	7,001
Other compensation and benefits	1,058	-	1,058
Interest expense	-	-	-
Regulatory fees and expenses	1,437	1,437	-
Other expenses (including state income tax)	<u>22,528</u>	<u>30,586</u>	<u>(8,058)</u>
Total expenses	<u>167,798</u>	<u>167,797</u>	<u>1</u>
Net income before provision for federal income taxes	(3,458)	(3,220)	(238)
Provision for federal income taxes	<u>-</u>	<u>-</u>	<u>-</u>
NET INCOME	<u><u>(3,458)</u></u>	<u><u>(3,220)</u></u>	<u><u>(238)</u></u>

McDUFFIE-MORRIS FINANCIAL GROUP, INC.
RECONCILIATION OF FORM X-17A-5 SCHEDULE II-A
COMPUTATION OF NET CAPITAL SCHEDULE TO AUDITED
FINANCIAL STATEMENTS
APRIL 30, 2013

Net capital per unaudited Form X-17A-5 Schedule IIA	\$	13,638
Increases		
Refund of federal income tax	-	
Decrease prepaid tax deposits	-	
Rounding differences	-	
	-	
Decreases		
Increase Federal income tax provision currently payable	-	
Increase State income tax provision currently payable	-	
Decrease in deferred income taxes payable	-	
	-	
	-	
Net capital per supplemental schedule in audited financial statement (page 15) computed in accordance with rule 15c3-1 of the Securities and Exchange Commission	\$	13,638

KORWEK & COMPANY, P.A.
Certified Public Accountants

1113 Odenton Road
Odenton, MD 21113-1606

TEL: (410) 674-7445
FAX: (410) 674-3771

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

Board of Directors
McDuffie-Morris Financial Group, Inc.

We have examined the financial statements of McDuffie-Morris Financial Group, Inc. for the year ended April 30, 2013 and 2012, and have issued our report thereon dated June 12, 2013. In planning and performing our audit of the financial statements, in accordance with standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a5(g) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practice and procedures) followed by McDuffie-Morris Financial Group, Inc. that we considered relevant to objectives stated in rule 17a-5(g), in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and the procedures 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:

Making quarterly securities examinations, counts, verifications, and comparisons and recommendations of differences required by rule 17a-13

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 a system of internal accounting 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 control procedures 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) list 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 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 deteriorate.

A deficiency in internal control exists when the design or operation of the 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 of 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 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 immaterial 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, adequate at April 30, 2013, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, the State of Florida, the State of Maryland and other states' securities regulators 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.

KORWEK & COMPANY, PA

June 12, 2013

Clark
Anderson, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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SEC
Mail Processing
Section
JUL 03 2013
System Review Report
Washington DC
201

November 13, 2012

To the Owners of
Korwek & Company, P.A.
and the Peer Review Committee of the MACPA

We have reviewed the system of quality control for the accounting and auditing practice of Korwek & Company, P.A. (the firm) in effect for the year ended June 30, 2012. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Korwek & Company, P.A. in effect for the year ended June 30, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Korwek & Company, P.A. has received a peer review rating of *pass*.

Clark and Anderson, P.A.

CLARK AND ANDERSON, P.A.
Certified Public Accountants