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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

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SECURITIES

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 07/01/2013 AND ENDING 06/30/2014  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: KENAI INVESTMENTS, INC.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

112 SW 8th Ave Ste 301E  
(No. and Street)

Amarillo TX 79101  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Roger Remling 806 359 3100  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Edward Richardson Jr., CPA

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

15565 Northland Dr. Suite 508 West Southfield, MI. 48075

(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)

SEC 1410 (06-02)

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DD  
8/4/14

OATH OR AFFIRMATION

I, Roger W Remling, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kenai Investments, Inc., as of June 30,, 20 14, 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:

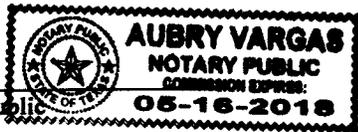
N/A

[Signature]  
Signature

President

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).



**Kenai Investments, Inc.**

**Financial Statements and Supplemental  
Schedules Required by the  
Securities and Exchange Commission**

**For the Year Ended June 30, 2014  
(With Independent Auditor's Report Thereon)  
and  
Supplemental Report on Internal Control**

*June 30, 2014*

**KENAI INVESTMENTS, INC**  
**June 30, 2014**

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*Edward Richardson Jr., CPA  
15565 Northland Dr W Ste 508  
Southfield, MI 48075  
248-559-4514*

## **Independent Auditor's Report**

Board of Directors  
Kenai Investments, Inc.

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

I have audited the accompanying statement of financial condition of Kenai Investments, Inc. as June 30, 2014 and the related statements of income, changes in stockholder's equity, changes in liabilities to claims of general creditors, and cash flows for the year 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 presentation and fair presentation of these financial statements 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.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 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 of 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 reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kenai Investments, Inc. as of June 30, 2014, and results of operations and its cash

flows for the year then ended in accordance with principles generally accepted in the United States of America.

**Other Matters**

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in the Net Capital Computation 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 related directly to the underlying accounting and other records used to prepare the financial statements. The information in the Net Capital Computation 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 my opinion, the information in the Net Capital Computation is fairly stated in all material respects in relation to the financial statements as a whole.

*Edward Richardson Jr. CPA*

Edward Richardson Jr., CPA  
Southfield, MI. 48075  
August 19, 2014

**Kenai Investments, Inc.**  
**BALANCE SHEET**  
**As of June 30, 2014**

**ASSETS**

**CURRENT ASSETS**

Cash in Bank	\$ 4,518.36
Cash in Bank	10,000.00
Accounts Receivable	<u>10,069.10</u>

<b>Total Current Assets</b>	<u>24,587.46</u>
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**PROPERTY AND EQUIPMENT**

**OTHER ASSETS**

Deferred Income Tax Benefit	<u>2,756.00</u>
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<b>Total Other Assets</b>	<u>2,756.00</u>
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<b>TOTAL ASSETS</b>	<u>\$ 27,343.46</u>
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The footnotes are an integral part of the financial statements.

**Kenai Investments, Inc.**  
**BALANCE SHEET**  
**As of June 30, 2014**

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**CURRENT LIABILITIES**

**LONG-TERM LIABILITIES**

**STOCKHOLDERS' EQUITY**

Capital Stock, par value, \$.003 per share, 10,000,000 shares authorized and outstanding	30,000.00
Retained Earnings	<u>(2,656.54)</u>
<b>Total Stockholders' Equity</b>	<u><b>27,343.46</b></u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u><b>\$ 27,343.46</b></u>

The footnotes are an integral part of the financial statements.

**Kenai Investments, Inc.**  
**STATEMENT OF INCOME**

12 Months Ended

June 30, 2014

<b>Revenues</b>	
Commissions Earned	\$ 161,757.57
Other Income	21,250.00
Miscellaneous Income	<u>5,874.09</u>
<b>Total Revenues</b>	<u>188,881.66</u>
<b>Operating Expenses</b>	
Employee compensation and benefits	896.00
Floor brokerage, exchange, and clearance fees	24,433.66
Communications and data processing	1,354.99
Occupancy	22,354.45
Other expenses	147,082.51
<b>Total Operating Expenses</b>	<u>196,121.61</u>
<b>Operating Income (Loss)</b>	<u>(7,239.95)</u>
<b>Net Income (Loss)</b>	<u>\$ (7,239.95)</u>
<b>Other Comprehensive Income</b>	
Unrealized Loss on marketable security	
Amount arising during the year	0.00
Less: income tax effect	<u>0.00</u>
<b>Comprehensive Income</b>	<u>(7,239.95)</u>

The footnotes are an integral part of the financial statements.

**Kenai Investments, Inc.**  
**STATEMENT OF RETAINED EARNINGS**

**12 Months Ended**

**June 30, 2014**

Beginning of Period	\$	4,583.41
Plus: Net Income	\$	(7,239.95)
Less: Accumulative Comprehensive Other Income		<u>0.00</u>
 <b>RETAINED EARNINGS</b>		
<b>END OF PERIOD</b>	<b>\$</b>	<b><u>(2,656.54)</u></b>

The footnotes are an integral part of the financial statements.

**Kenai Investments, Inc.**  
**STATEMENT OF CASH FLOWS**  
**For the 12 months Ended June 30, 2014**

2014

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income (Loss)	\$ (7,239.95)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:	
Losses (Gains) on sales of Fixed Assets	0.00
Decrease (Increase) in Operating Assets:	
Investments	14,123.32
Accounts Receivable	(8,414.03)
Increase (Decrease) in Operating Liabilities:	
Accrued Liabilities	<u>0.00</u>
Total Adjustments	<u>5,709.29</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>(1,530.66)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds From Sale of Fixed Assets	<u>0.00</u>
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>0.00</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds From Sale of Stock	0.00
Treasury Stock	<u>0.00</u>
<b>Net Cash Provided By (Used In) Financing Activities</b>	<b><u>0.00</u></b>

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

(1,530.66)

**CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD**

16,049.02

**CASH AND CASH EQUIVALENTS AT END OF PERIOD**

**\$ 14,518.36**

The footnotes are an integral part of the financial statements.

**KENAI INVESTMENTS, INC.  
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Common Stock</u>		<u>Paid-in Capital</u>		<u>Treasury Stock</u>		<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Balance at July 1, 2013	10,000,000	\$ 30,000	10,000,000	\$ -	-	\$ -	-	\$ 30,000
Net Income	-	-	-	-	-	-	(2,757)	(2,757)
Capital Transactions	-	-	-	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-	-	-	-
Balance at June 30, 2014	<u>10,000,000</u>	<u>\$ 30,000</u>	<u>10,000,000</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>(2,757)</u>	<u>\$ 27,243</u>

The footnotes are an integral part of the financial statements.

**KENAI INVESTMENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE A – SUMMARY OF ACCOUNTING POLICIES**

Accounting principles followed by the Company and the methods of applying those principles which materially affect the determination of financial position, results of operation and cash flows are summarized below:

**Organization**

Kenai Investments, Inc. (the Company) was incorporated in the State of Texas effective February 3, 2003. The Company has adopted a calendar year.

**Description of Business**

The Company, located in Dallas, Texas, is a broker and dealer in securities registered with the Securities and Exchange Commission (“SEC”) and is a member of FINRA. The Company operates under SEC Rule 15c3-3(k)(2)(ii), which provides that all funds and securities belonging to the Company’s customers are held by a clearing broker-dealer.

**Basis of Accounting**

The financial statements of the Company have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Cash and Cash Equivalents**

The Company considers as cash all short-term investments with an original maturity of three months or less to be cash equivalents.

**Accounts Receivable – Recognition of Bad Debt**

The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

**Revenue Recognition**

Commission revenues are recorded by the Company on the settlement date reported by the clearing firm through submitted commission statements.

**KENAI INVESTMENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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 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 reporting period. Actual results could differ from those estimates.

**Fair Value of Financial Instruments**

Financial instruments that are subject to fair value disclosure requirements are carried in the financial statements at amount that approximate fair value and include cash and cash equivalents. Fair values are based on quoted market prices and assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of perceived risk.

**Comprehensive Income**

Statement of Financial Accounting Standards (SFAS) No. 130, Reporting Comprehensive Income, establishes requirements for disclosure of Comprehensive Income that includes certain items previously not included in the statement of income, including unrealized gains and losses on available-for-sales securities and foreign currency translation adjustment among others. During the year ended June 30, 2014, the Company did have any components of Comprehensive Income to report.

**Concentrations**

The Company has revenue concentrations; the company specializes in sales of securities.

**NOTE B – NET CAPITAL REQUIREMENTS**

Pursuant to the net capital provisions of Rule 15c3-3 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis.

The net capital computation per the audited report included a change in haircuts of \$200.00; the net effect of these changes did not cause a material difference in reported net capital. Other than these changes, there were no material inadequacies found to exist or found to have existed since the date of the previous audit.

**KENAI INVESTMENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE C – STATEMENT OF EXEMPTION OF RESERVE REQUIREMENT**

The Company is subject to the Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum Net Capital. The Company has elected to use the basic computation method, as is permitted by the rule, which requires that the Company maintains minimum Net Capital pursuant to a fixed dollar amount or 6-2/3% percent of total aggregate indebtedness, as defined, whichever is greater, and does not therefore calculate its net capital requirement under the alternative reserve requirement method.

**NOTE D – RELATED PARTY TRANSACTIONS**

The Company leases office space from its sole shareholder on a month-to-month basis. During the fiscal year 2014, the Company paid \$21,050.80 under this arrangement.

**NOTE E – POSSESSION OR CONTROL REQUIREMENTS**

The Company does not have any possession or control of customer's funds or securities. There were no material inadequacies in the procedures followed in adhering to the exemptive provisions of SEC Rule 15c-3-3(k)(2)(ii) by promptly transmitting all customer funds or securities to the clearing broker who carries the customer accounts.

**NOTE F – OTHER COMMITMENTS AND CONTINGENCIES**

Included in the Company's clearing agreement with its clearing broker-dealer is an indemnification clause. This clause relates to instances where the Company's customers fail to settle security transactions. In the event this occurs, the Company will indemnify the clearing broker-dealer to the extent of the net loss on the unsettled trade. At June 30, 2014, management of the Company had not been notified by the clearing broker-dealer, nor were they otherwise aware of any potential losses relating to this indemnification.

**NOTE G – DEFERRED INCOME TAXES**

Deferred income tax expense results from temporary differences in the recognition of revenues and expenses for tax and financial reporting purposes. The sources of these differences and the tax effect of each are as follows:

	<b>2014</b>
<b>Tax benefit:</b>	
Unrealized losses	\$ 3
Capital loss carryforward	2,753
Net operating loss forward	-
<b>Total Net Deferred Income Tax Benefit</b>	<b>\$ 2,756</b>

See accountant's audit report

**KENAI INVESTMENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE H – ADVERTISING**

The advertising expense for the year was \$1,469.11; the entire amount was expensed as incurred.

**NOTE I – LEASES**

The company leases various types of office equipment, the amount expenses for the year was \$22,354.45.

**NOTE J – FAIR VALUE MEASUREMENTS**

Management uses its best judgment in estimating the fair value of the Company's financial instruments; however, there are inherent weaknesses in any estimated technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts the company could have realized in a sales transaction on the dates indicative. The estimated fair value amounts have been measured as of their respective periods ends, and have not been revaluated or updated for purposes of these financial subsequent to those respective period ends, and have not been revaluated or updated for purposes of these financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each period-end.

The following information should not be interpreted as an estimate of the fair value of the entire Company since a fair value calculation is only provided for a limited portion of the Company's assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparison between the Company's disclosure and those of other companies may not be meaningful. The following methods and assumptions were used to estimating the fair values of the Company's financial instruments at June 30, 2014. There have been no significant changes in methodology for estimating fair value of the Company's financial instruments since June 30, 2014.

***Fair Value Hierarchy***

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as flows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 inputs are inputs quoted other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

See accountant's audit report

**KENAI INVESTMENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

***Determination of Fair Value***

Under the Fair Value Measurements Topic of the FASB Accounting Standards Codification, the Company bases its fair value on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Company's policy to maximize the use of observable inputs and minimize the use of unobservable inputs developing fair value measurements, in accordance with the fair value hierarchy. Fair Value measurable for assets and liabilities where there exists limited or no observable market data and, therefore, are based upon management's own estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future value.

Following is a description of valuation methodologies used for assets and liabilities recorded at fair value and for estimating fair value for financial instruments not recorded at Fair Value Measurements Topic of the FASB Accounting Standards Codification).

***Cash and cash equivalents***

The carrying amount amounts of cash and cash equivalents approximate their fair value because of the short maturity of these instruments.

***Accounts Receivable***

The carrying amounts of accounts receivable approximate its fair value because of the short maturity of these instruments.

**NOTE K – SIPC RECONCILIATION**

SEA Rule 17a-5(e)(4) requires a registered broker-dealer to file a supplemental report which includes procedures related to the broker-dealers SIPC annual general assessment reconciliation or exclusion-from-membership forms. In circumstances where the broker-dealer reports \$500,000 or less in gross revenues, they are not required to file the supplemental SIPC report. The Company is exempt from filing the supplemental report under SEA Rule 17a-5(e)(4) because it is reporting less than \$500,000 in gross revenue.

**NOTE L - SUBSEQUENT EVENT**

The Company has evaluated events subsequent to the balance sheet date for items requiring recording or disclosure in the financial statements. The evaluation was performed through August 19, 2014, which is the date the financial statement were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.

See accountant's audit report

**Supplementary**  
**Pursuant to rule 17a-5 of the**  
**Securities and Exchange Act of 1934**  
**As of and for the Year Ended June 30, 2014**

See accountant's audit report

**Kenia Investments, Inc.**  
**Supplemental Schedules Required by Rule 17a-5**  
**As of and for the year ended June 30, 2014**

**Computation of Net Capital**

Total Stockholder's equity:		\$ 27,343.00
Nonallowable assets:		
Other Assets	2,756.00	
Accounts receivable – other	<u>2,500.00</u>	( 5,256.00)
Other Charges		
Haircuts	0.00	
Other Securities	<u>0.00</u>	<u>(0.00)</u>
Net allowable capital		\$ 22,087.00

**Computation of Basic Net Capital Requirement**

Minimum net capital required as a percentage of aggregate indebtedness	<u>\$ 0.00</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 5,000.00</u>
Net capital requirement	<u>\$ 5,000.00</u>
Excess net capital	<u>\$ 17,087.00</u>

**Computation of Aggregate Indebtedness**

Total Aggregate Indebtedness	<u>\$ 0.00</u>
Percentage of aggregate indebtedness to net capital	<u>0%</u>

**Reconciliation of the Computation of Net Capital Under Rule 15c3-1**

Computation of Net Capital reported on FOCUS IIA as of June 30, 2014	\$ 24,387.00
Adjustments:	
Change in Equity (Adjustments)	0.00
Change in Non-Allowable Assets	(2,500.00)
Change in Haircuts	200.00
Change in Undue Concentration	<u>(0.00)</u>
NCC per Audit	<u>20,087.00</u>
Reconciled Difference	<u>\$ (0.00)</u>

**Kenai Investments, Inc.**  
**Supplemental Schedules Required by Rule 17a-5**  
**As of and for the year ended June 30, 2014**

**Exemptive Provisions Rule 15c3-3**

The Company is exempt from Rule 15c3-3 because all customer transactions are cleared through another broker-dealer on a fully disclosed basis. The name of the clearing firm is Sterne Agee.

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

Balance of such claims at July 1, 2013	\$ -
Additions	-
Reductions	-
Balance of such claims at June 30, 2014	<u>\$ -</u>

**REPORT ON INTERNAL CONTROL**

**For the year ended June 30, 2014**

See accountant's audit report

Edward Richardson, Jr., CPA  
15565 Northland Suite 508 West  
Southfield, MI. 48075

August 19, 2014

Board of Directors  
Kenai Investments, Inc.  
112 S.W. 8<sup>th</sup>, Suite 301E  
Amarillo, TX 79101

In planning and performing my audit of the financial statements and supplemental schedules of Kenai Investments, Inc. for the year ended June 30, 2014, I considered its internal control, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements, and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), I have made a study of the practices and procedures followed by the company, including tests of such practices and procedures that I considered relevant to the objective stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness 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, I 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.
2. Recordation of differences required by rule 17a-13.
3. 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 the preceding paragraphs. 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 paragraphs 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 of disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraphs.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection or any evaluation of them

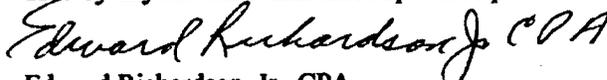
to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

My consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, I noted the following condition that I consider to be a material weakness as defined above.

Only one person is responsible for all accounting and reporting functions. Accordingly, there is no segregation of duties. Due to the size of the Company, management does not feel it is cost-effective to change this condition.

I understand that practices and procedures that accomplish the objectives referred to in the preceding paragraphs of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities and 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 my study, I believe that the Company's practices and procedures were adequate at June 30, 2014, to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC and the regulatory agencies that rely on rule 17a-5(g) under the Securities and 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.

  
Edward Richardson, Jr., CPA