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AA 8-29-2005

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

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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 07/01/04 AND ENDING 6/30/05  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Neidiger, Tucker, Bruner, Inc.**  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
**1331 17th Street**

OFFICIAL USE ONLY  
FIRM I.D. NO.

(No. and Street)  
**Denver** **CO** **80202**  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
**Terri E. Lowe** **(303) 825-1825**  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

(Name - if individual, state last, first, middle name)  
**5251 S Quebec St, Suite 200** **Greenwood Village** **CO** **80111**  
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED  
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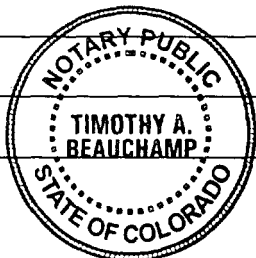
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THOMSON FINANCIAL

\*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)

BBB  
A31/05

OATH OR AFFIRMATION

I, Terri E. Lowe, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Neidiger, Tucker, Bruner, Inc., as of June 30, 2005, 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:



My Commission Expires April 17, 2006

Terri E. Lowe  
Signature

Chief Financial Officer  
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 Cash Flows.
- (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(including reconciliation of X-17A-5 Part II filing with this Rule 17a-5(d) report, if applicable.)
- (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 15c3-3 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.
- (o) Independent Auditors' Report on Internal Accounting Control

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

NEIDIGER, TUCKER, BRUNER, INC.  
REPORT PURSUANT TO RULE 17a-5(d)  
YEAR ENDED JUNE 30, 2005

NEIDIGER, TUCKER, BRUNER, INC.

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SPICER JEFFRIES LLP

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
Neidiger, Tucker, Bruner, Inc.

We have audited the accompanying statement of financial condition of Neidiger, Tucker, Bruner, Inc. as of June 30, 2005, and the related statements of operations, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neidiger, Tucker, Bruner, Inc. as of June 30, 2005, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in the supplemental schedule listed in the accompanying index is presented for purposes of additional analysis and is not required for a fair presentation of the financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Greenwood Village, Colorado  
August 4, 2005

**msi** Legal & Accounting  
Network Worldwide

Spicer Jeffries is a member of MSI, a network of independent professional firms.

NEIDIGER, TUCKER, BRUNER, INC.

STATEMENT OF FINANCIAL CONDITION  
JUNE 30, 2005

ASSETS

Cash	\$	553,608
Receivables:		
Clearing brokers		525,896
Commissions		336,000
Brokers, less allowance for doubtful accounts of \$253,285		91,058
Securities owned, at market value		125,989
Furniture, equipment and leasehold improvements, at cost, net of accumulated depreciation of \$138,291		64,126
Other assets		23,133
		<hr/>
	\$	<u>1,719,810</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

**LIABILITIES:**

Salaries and commissions payable	\$	555,886
Due to clearing broker		118,508
Accrued payroll taxes		110,411
Income taxes payable		99,443
Other accrued liabilities		79,396
Capital lease obligation		64,126
Securities sold, but not yet purchased, at market value		7,482
		<hr/>

**TOTAL LIABILITIES**

---

1,035,252

**COMMITMENTS AND CONTINGENCIES (Notes 3 and 5)**

**SHAREHOLDERS' EQUITY (Note 4):**

Preferred stock, series 2001-A, \$.001 par value, 9% voting, 600,000 shares authorized; 56,320 shares issued and outstanding		56
Common stock, \$.001 par value; 10,000,000 shares authorized; 393,802 shares issued and outstanding		394
Additional paid-in capital		771,714
Retained earnings		(87,606)
		<hr/>

**TOTAL SHAREHOLDERS' EQUITY**

---

684,558

\$ 1,719,810

The accompanying notes are an integral part of this statement

NEIDIGER, TUCKER, BRUNER, INC.

STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2005

**REVENUE:**

Commissions	\$ 5,262,513
Underwriting income	898,143
Trading profit, net	156,964
Other	246,988
	<hr/>
<i>Total revenue</i>	6,564,608
	<hr/>

**EXPENSES:**

Commissions	3,813,529
Clearing charges	643,700
Occupancy and equipment costs	505,964
Salaries and wages	460,071
General and administrative	259,860
Legal and professional	173,815
Payroll taxes	157,400
Office expenses	108,132
Employee Benefits	107,153
Telephone	88,123
Promotion costs	24,478
Interest	5,646
	<hr/>
<i>Total expenses</i>	6,347,871
	<hr/>

**NET INCOME BEFORE INCOME TAX PROVISION**

216,737

Income tax provision

82,979

**NET INCOME**

\$ 133,758

The accompanying notes are an integral part of this statement

NEIDIGER, TUCKER, BRUNER, INC.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED JUNE 30, 2005

	Series A Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings
	Shares	Amount	Shares	Amount		
BALANCES, June 30, 2004	80,000	\$ 80	393,802	\$ 394	\$ 986,771	\$ (221,364)
Dividends	-	-	-	-	(120,361)	-
Redemption of preferred stock	(23,680)	(24)	-	-	(94,696)	-
Net income	-	-	-	-	-	133,758
BALANCES, June 30, 2005	<u>56,320</u>	<u>\$ 56</u>	<u>393,802</u>	<u>\$ 394</u>	<u>\$ 771,714</u>	<u>\$ (87,606)</u>

The accompanying notes are an integral part of this statement



NEIDIGER, TUCKER, BRUNER, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2005

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net income	\$ 133,758
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	2,211
Bad debt expense	82,830
Increase in receivable from clearing broker	(22,918)
Increase in commissions receivable	(336,000)
Increase in securities owned, at market value	(57,690)
Increase in salaries and commissions payable	379,030
Increase in accrued payroll taxes	40,200
Increase in income taxes payable	52,098
Increase in due to clearing broker	51,385
Increase in securities sold, but not yet purchased	6,306
Increase in accrued liabilities	39,249
	<hr/>
<i>Net cash provided by operating activities</i>	370,459

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Increase in receivables - broker	(88,899)
Purchase of furniture and equipment	(66,337)
Increase in other assets	(16,902)
	<hr/>
<i>Net cash used in investing activities</i>	(172,138)

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Dividends paid	(120,361)
Retirement of preferred stock	(94,720)
Increase in capital lease obligation, net	64,126
	<hr/>
<i>Net cash used in financing activities</i>	(150,955)

<b>NET INCREASE IN CASH</b>	47,366
<b>CASH, at beginning of year</b>	<hr/> 506,242
<b>CASH, at end of year</b>	<hr/> <b>\$ 553,608</b>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Cash paid for interest	<hr/> <b>\$ 5,646</b>
Cash paid for income taxes	<hr/> <b>\$ 47,345</b>

The accompanying notes are an integral part of this statement

NEIDIGER, TUCKER, BRUNER, INC.

NOTES TO FINANCIAL STATEMENTS

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and business**

The Company was organized on May 20, 1977, and is engaged in business as a securities broker-dealer. The Company is a broker-dealer registered with the Securities and Exchange Commission.

**Securities inventory and revenue recognition**

Securities owned or sold, but not yet purchased by the Company (substantially common stock) are recorded at market value and related changes in market value are reflected in income. For the year ended June 30, 2005, the Company has recorded proprietary transactions on a trade-date basis. Commission revenue and related expenses have been accrued on a trade-date basis.

Good faith and expense allowances received by the Company in connection with its underwriting activities are deferred and recognized as income as related costs are incurred.

**Agreement with clearing broker**

The Company under Rule 15c3-3(k)(2)(ii) is exempt from the reserve and possession or control requirements of Rule 15c3-3 of the Securities and Exchange Commission. The Company does not carry or clear customer accounts. Accordingly, all customer transactions are executed and cleared on behalf of the Company by its clearing broker on a fully disclosed basis. The Company's agreement with its clearing broker provides that as clearing broker, that firm will make and keep such records of the transactions effected and cleared in the customer accounts as are customarily made and kept by a clearing broker pursuant to the requirements of Rules 17a-3 and 17a-4 of the Securities and Exchange Act of 1934, as amended (the "Act"). It also performs all services customarily incident thereon, including the preparation and distribution of customer's confirmations and statements and maintenance margin requirements under the Act and the rules of the Self Regulatory Organizations of which the Company is a member.

**Depreciation**

The Company provides for depreciation of furniture and equipment on the straight-line method based on estimated lives of five to ten years. Leasehold improvements are amortized over the term of the lease.

**Statement of cash flows**

For purposes of cash flows, the Company considers money market funds with maturity of three months or less to be cash equivalents.

NEIDIGER, TUCKER, BRUNER, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
*(continued)*

Income taxes

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Under the asset and liability method of Statement 109, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled.

Use of 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.

**NOTE 2 - INCOME TAXES**

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The primary components of the Company's deferred income tax assets and liabilities as of June 30, 2005 are as follows.

	<u>2005</u>
Deferred tax liabilities	<u>\$ -</u>
Deferred tax asset:	
Allowance for doubtful accounts	87,000
Valuation allowance for deferred tax assets	<u>(87,000)</u>
	<u>\$ -</u>

The valuation allowance for deferred tax assets was increased by \$29,000 during the year ended June 30, 2005.

NEIDIGER, TUCKER, BRUNER, INC.

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**NOTE 3 - LEASE OBLIGATIONS**

**Capital Lease Obligations**

The Company has one capital lease covering furniture and equipment. Aggregate annual payments on the capital lease obligations as of June 30, 2005, are as follows:

<u>Year</u>	<u>Amount</u>
2006	\$ 15,390
2007	15,390
2008	15,390
2009	15,390
2010	<u>12,825</u>
Total minimum lease payments	74,385
Less: Amount representing interest	<u>(10,259)</u>
Present value of future minimum lease payments	<u>\$ 64,126</u>

The amount of furniture and equipment under capital leases at June 30, 2005, was \$66,337. This property had related accumulated depreciation of \$2,211 for a net book value at June 30, 2005, of \$64,126.

**Operating Lease Obligations**

The Company leases office space and equipment under non-cancelable operating leases expiring through 2012. At June 30, 2005, aggregate minimum future rental commitments under these leases with initial or remaining terms in excess of one year are as follows:

<u>Year</u>	<u>Amount</u>
2006	\$ 128,299
2007	172,807
2008	178,039
2009	180,657
2010	187,209
Thereafter	<u>440,046</u>
	<u>\$ 1,287,057</u>

In addition to the above leases, the Company also leases office space and equipment on a month-to-month basis. Total rental expense of \$330,755, including the non-cancelable leases referred to above, was charged to operations during the year ended June 30, 2005.

**NEIDIGER, TUCKER, BRUNER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

***NOTE 4 - NET CAPITAL REQUIREMENTS***

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. At June 30, 2005, the Company had net capital and net capital requirements of \$487,343 and \$250,000, respectively. The Company's net capital ratio (aggregate indebtedness to net capital) was 2.11 to 1. According to Rule 15c3-1, the Company's net capital ratio shall not exceed 15 to 1.

***NOTE 5 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK,  
CONTINGENCIES AND UNCERTAINTIES***

In the normal course of business, the Company's client activities ("clients") through its clearing broker involve the execution, settlement and financing of various client securities transactions. These activities may expose the Company to off-balance sheet risk. In the event the client fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the client's obligations.

The Company has purchased securities for its own account, and may incur losses if the market value of the securities decreases subsequent to June 30, 2005. In addition, the Company has sold securities that it does not own and it will, therefore, be obligated to purchase such securities at a future date. The Company may incur a loss if the market value of the securities increases subsequent to June 30, 2005.

The Company's financial instruments, including cash, receivables, payables and other liabilities are carried at amounts that approximate fair value due to the short-term nature of those instruments. Securities owned and securities sold but not yet purchased are valued at market value using quoted market prices.

The Company is involved in various disputes arising in the normal course of business, which is in the preliminary stages. Management, after review and discussion with counsel, believes the Company has meritorious defenses and intends to vigorously defend itself in these matters, but it is not feasible to predict the final outcome at the present time.

The Company has deposits in banks in excess of the FDIC insured amount of \$100,000. The amounts in excess of \$100,000 are subject to loss should the bank cease business.

The Company has receivables from and deposits with its clearing broker as shown on the accompanying statement of financial condition. These amounts are not covered by SIPC and are subject to loss should the clearing broker cease business.

**SUPPLEMENTARY INFORMATION**

NEIDIGER, TUCKER, BRUNER, INC.

COMPUTATION OF NET CAPITAL  
PURSUANT TO NET CAPITAL RULE 15c3-1  
JUNE 30, 2005

**CREDIT:**

Shareholder's equity	\$ 684,558
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**DEBITS:**

Nonallowable assets:	
Broker receivables, net	91,058
Furniture, equipment and leasehold improvements, net	64,126
Other assets	23,133

<i>Total debits</i>	<u>178,317</u>
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<i>Net capital before haircuts on securities positions</i>	506,241
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Haircuts on securities positions	<u>18,898</u>
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<b>NET CAPITAL</b>	487,343
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Minimum requirements of 6-2/3% of aggregate indebtedness of \$1,027,770 or \$250,000, whichever is greater	<u>250,000</u>
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<i>Excess net capital</i>	<u><u>\$ 237,343</u></u>
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**AGGREGATE INDEBTEDNESS:**

Salaries and commission payable	\$ 555,886
Due to clearing broker	118,508
Accrued payroll taxes	110,411
Income taxes payable	99,443
Other accrued liabilities	79,396
Capital lease obligation	<u>64,126</u>

<b>TOTAL AGGREGATE INDEBTEDNESS</b>	<u><u>\$ 1,027,770</u></u>
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<b>RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL</b>	<u><u>2.11 to 1</u></u>
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NEIDIGER, TUCKER, BRUNER, INC.

RECONCILIATION OF THE COMPUTATION OF NET CAPITAL PURSUANT  
TO UNIFORM NET CAPITAL RULE 15c3-1 INCLUDED IN THE COMPANY'S  
CORRESPONDING UNAUDITED FORM X-17A-5 PART II FILING WITH THE  
COMPUTATION INCLUDED IN THE REPORT PURSUANT TO RULE 17a-5(d)  
JUNE 30, 2005

NET CAPITAL PER COMPANY'S UNAUDITED FORM X-17A-5 PART II FILING	\$	553,770
Adjustments:		
Increase in non-allowable assets		(44,126)
Increase in income		91,642
Increase in expenses		(108,017)
Increase in haircuts		(5,926)
		<hr/>
NET CAPITAL PER REPORT PURSUANT TO RULE 17a-5(d)	\$	<u>487,343</u>

The accompanying notes are an integral part of this statement





SPICER JEFFRIES LLP

CERTIFIED PUBLIC ACCOUNTANTS

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GREENWOOD VILLAGE, COLORADO 80111

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**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**

The Board of Directors of  
Neidiger, Tucker, Bruner, Inc.

In planning and performing our audit of the financial statements and supplementary information of Neidiger, Tucker, Bruner, Inc. for the year ended June 30, 2005, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Neidiger, Tucker, Bruner, Inc. that we considered relevant to the objectives stated in Rule 17a-5(g), (i) 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; and (ii) for safeguarding the occasional receipt of securities and cash until promptly transmitted to the Company's clearing brokers. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or 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, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 internal control structure policies and 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 above-mentioned objectives. Two of the objectives of an internal control structure 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 accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors 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. This report recognizes that it is not practicable in an organization the size of Neidiger, Tucker, Bruner, Inc. to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control and that alternatively greater reliance must be placed on surveillance by management.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure elements 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, we noted no matters involving the internal control structure, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at June 30, 2005, to meet the SEC's objectives.

In addition, our review indicated that Neidiger, Tucker, Bruner, Inc. was in compliance with the conditions of exemption from Rule 15c3-3 pursuant to paragraph k(2)(ii) as of June 30, 2005, and no facts came to our attention to indicate that such conditions had not been complied with during the year.

This report is intended solely for the use of management, the Securities and Exchange Commission, the New York Stock Exchange, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.



Greenwood Village, Colorado  
August 4, 2005