

SECURITY ON

10030908

CM

OMB APPROVAL
OMB Number: 3235-0123
Expires: February 28, 2010
Estimated average burden
hours per response..... 12.00

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

SEC FILE NUMBER
8- 29418

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 04/01/09 AND ENDING 03/31/10
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Curbstone Financial Management Corporation

OFFICIAL USE ONLY

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

FIRM I.D. NO.

741 Chestnut Street

Manchester

(No. and Street)
NH

03104

(City)

(State)

(Zip Code)

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

Thomas M. Lewry, IV CFP

603-624-8462

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Roy & Bentas CPAs, P.C.

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

697A Union Street

Manchester

NH

03104-3632

(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

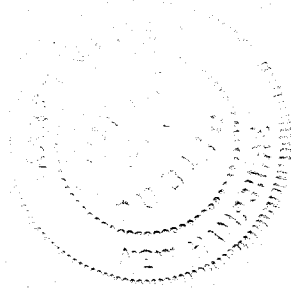
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Thomas M. Lewry, IV, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Curbstone Financial Management Corporation, as of March 31, 20 10, 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:

Thomas M. Lewry, IV
Signature
President
Title

Karen Varney
Notary Public
KAREN VARNEY, Notary Public
My Commission Expires March 8, 2011



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).

CURBSTONE FINANCIAL MANAGEMENT CORPORATION
COMPUTATION OF NET CAPITAL
MARCH 31, 2010

| | Allowable Assets | Focus Report Part IIA |
|-------------------------------------|--------------------------|------------------------------|
| Cash and Cash Equivalents | <u>\$311,486</u> | <u>\$311,484</u> |
| Non-Allowable Assets | | |
| Accounts Receivable | 3,838 | 0 |
| Prepaid Expenses | 2,280 | 0 |
| Furniture & Fixtures | 436 | 549 |
| Computer Equipment | 5,698 | 11,477 |
| Cash Value of Life Insurance Policy | 45,146 | 0 |
| Sub-total of Non-Allowable Assets | <u>57,398</u> | <u>12,026</u> |
| Total Assets | <u>\$368,884</u> | <u>\$323,510</u> |
| Liabilities | <u>\$ 44,064</u> | <u>\$ 545</u> |
| Common Stock | \$ 10,200 | \$ 10,200 |
| Additional Paid-in Capital | 258,415 | 258,415 |
| Retained Earnings | 56,205 | 54,350 |
| Total | <u>\$207,860</u> | <u>\$322,965</u> |
| Total Assets | 368,884 | \$323,510 |
| Total Liabilities | <u>44,064</u> | <u>545</u> |
| Net Worth | 324,820 | 322,965 |
| Non-Allowable Assets | <u>57,398</u> | <u>12,026</u> |
| Current Net Capital | 267,422 | 310,939 |
| Haircuts | <u>589</u> | <u>589</u> |
| Net Capital | 266,833 | 310,350 |
| Required Capital | <u>50,000</u> | <u>50,000</u> |
| Excess Net Capital | <u>\$ 216,833</u> | <u>\$ 260,350</u> |

NOTE: The major differences were as a result of depreciation expense, and accounts receivable and accounts payable. No material inadequacies were found to exist since the previous audit of March 31, 2009.


George Bentas, CPA, MST
 ROY & BENTAS CPAs, P.C.
 Certified Public Accountants

ROY & BENTAS CPAs, P.C.

Certified Public Accountants

697A Union Street, Manchester, NH 03104-3632

Telephone (603) 625-5715 or (603) 626-1040; Fax (603) 625-5717

Item (e) – Statement of changes in Stockholders' Equity

| | <u>March 31, 2010</u> | <u>March 31, 2009</u> |
|-----------------------------|-------------------------|-------------------------|
| Common Stock | \$ 10,200 | \$ 10,200 |
| Additional Paid-in Capital | 258,415 | 258,415 |
| Retained Earnings (Deficit) | 56,205 | (60,755) |
| Total | <u>\$324,820</u> | <u>\$207,860</u> |

Item (i) – Curbstone is exempt by K2II.

Item (n) – No material differences existed.



George Bentas, CPA, MST
ROY & BENTAS CPAs, P.C.
Certified Public Accountants