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SECURITIES AND EXCHANGE COMMISSION

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

SEC FILE NUMBER
8- 9173



10031087

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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 April 1, 2009 AND ENDING March 31, 2010
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Associated Financial Services, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

818 Main Ave

(No. and Street)

Fargo

North Dakota

58102

(City)

(State)

(Zip Code)

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

Robert Medhus

701-293-9434

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Eide Bailly LLP

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

4310 17th Ave S

Fargo

ND

58103

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

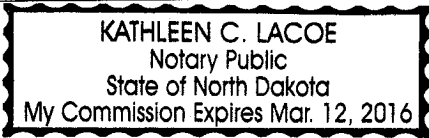
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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OATH OR AFFIRMATION

I, Robert Medhus, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Associated Financial Services, Inc., 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:



[Signature]
Signature
Pres
Title

Kathleen C. Lacoé
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).



Financial Statements
March 31, 2010 and 2009

Associated Financial Services, Inc.
(A Wholly-Owned Subsidiary of RTM, LTD.)

**ASSOCIATED FINANCIAL SERVICES, INC.
(A WHOLLY-OWNED SUBSIDIARY OF RTM, LTD.)**

Table of Contents

| | <u>Page</u> |
|---|-------------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| FINANCIAL STATEMENTS | |
| Financial Condition | 2 |
| Operations and Comprehensive Income | 3 |
| Stockholder's Equity | 4 |
| Cash Flows | 5 |
| Notes to Financial Statements | 6 |
| SUPPLEMENTARY INFORMATION REQUIRED BY RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION | |
| Schedule I | |
| Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission | 10 |
| INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL | 11 |



CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Associated Financial Services, Inc.
(A Wholly-Owned Subsidiary of RTM, LTD.)
Fargo, North Dakota

We have audited the accompanying statements of financial condition of Associated Financial Services, Inc. (a wholly-owned subsidiary of RTM, Ltd.) as of March 31, 2010 and 2009, and the related statements of operations and comprehensive income, stockholder's equity, and cash flows for the years then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Associated Financial Services, Inc. (A wholly-owned subsidiary of RTM, Ltd.) as of March 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit of the 2010 financial statements was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Eide Bailly LLP

Fargo, North Dakota
May 24, 2009

www.eidebailly.com

ASSOCIATED FINANCIAL SERVICES, INC.
(A WHOLLY-OWNED SUBSIDIARY OF RTM, LTD.)
STATEMENTS OF FINANCIAL CONDITION
MARCH 31, 2010 AND 2009

| | <u>2010</u> | <u>2009</u> |
|---|------------------|------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash - general funds | \$ 13,215 | \$ 895 |
| Securities available for sale | 10,560 | 9,790 |
| Commissions receivable | 12,280 | 9,331 |
| Note receivable - Officer | 17,476 | 21,387 |
| Prepaid rent | 600 | - |
| | <u>\$ 54,131</u> | <u>\$ 41,403</u> |
| LIABILITIES AND STOCKHOLDER'S EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 145 | \$ 50 |
| Accrued commissions payable | 8,466 | 4,420 |
| Accrued payroll taxes | 242 | 1,061 |
| | <u>8,853</u> | <u>5,531</u> |
| STOCKHOLDER'S EQUITY | | |
| Common stock, par value \$10 per share | | |
| Authorized, 9,000 shares | | |
| Issued, 2,000 shares | 20,000 | 20,000 |
| Additional paid-in capital | 3,000 | 3,000 |
| Retained earnings | 30,918 | 22,282 |
| Accumulated other comprehensive income (loss) | | |
| Unrealized losses on marketable securities | (8,640) | (9,410) |
| | <u>45,278</u> | <u>35,872</u> |
| | <u>\$ 54,131</u> | <u>\$ 41,403</u> |

ASSOCIATED FINANCIAL SERVICES, INC.
(A WHOLLY-OWNED SUBSIDIARY OF RTM, LTD.)
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
YEARS ENDED MARCH 31, 2010 AND 2009

| | <u>2010</u> | <u>2009</u> |
|--|------------------|-----------------|
| OPERATIONS | | |
| REVENUE | | |
| Commissions | \$ 185,035 | \$ 231,442 |
| Interest | 922 | 852 |
| Miscellaneous | 5,289 | 4,118 |
| | <u>191,246</u> | <u>236,412</u> |
| OPERATING EXPENSES | | |
| Commissions | 93,816 | 117,129 |
| Other salaries | 32,800 | 32,500 |
| Office rent and utilities | 11,533 | 10,275 |
| Office supplies | 7,654 | 1,776 |
| Employee benefits | 6,685 | 5,644 |
| Professional services | 5,144 | 5,821 |
| Telephone and postage | 4,679 | 4,791 |
| Travel | 4,250 | 5,800 |
| Dues, fees and insurance | 3,446 | 4,447 |
| Meals and entertainment | 3,156 | 3,169 |
| Payroll taxes | 2,818 | 2,317 |
| Advertising | 1,088 | 903 |
| Equipment rental | 460 | 458 |
| Donations | 130 | 43 |
| Officers' salaries | - | 20,000 |
| Miscellaneous | 651 | 1,003 |
| | <u>178,310</u> | <u>216,076</u> |
| INCOME BEFORE INCOME TAXES | 12,936 | 20,336 |
| INCOME TAXES | 3,300 | 4,300 |
| NET INCOME | 9,636 | 16,036 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | |
| Unrealized holding gains (losses) on investments | 770 | (9,540) |
| TOTAL COMPREHENSIVE INCOME | \$ 10,406 | \$ 6,496 |

ASSOCIATED FINANCIAL SERVICES, INC.
(A WHOLLY-OWNED SUBSIDIARY OF RTM, LTD.)
STATEMENTS OF STOCKHOLDER'S EQUITY
YEARS ENDED MARCH 31, 2010 AND 2009

| | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total |
|---|-----------------|----------------------------------|----------------------|--|-----------|
| BALANCE, MARCH 31, 2008 | \$ 20,000 | \$ 3,000 | \$ 32,246 | \$ 130 | \$ 55,376 |
| Net income | - | - | 16,036 | - | 16,036 |
| Unrealized loss on marketable securities | | | | (9,540) | (9,540) |
| Distributions | - | - | (26,000) | - | (26,000) |
| BALANCE, MARCH 31, 2009 | 20,000 | 3,000 | 22,282 | (9,410) | 35,872 |
| Net income | - | - | 9,636 | - | 9,636 |
| Unrealized gain on marketable securities | | | | 770 | 770 |
| Distributions | - | - | (1,000) | - | (1,000) |
| BALANCE, MARCH 31, 2010 | \$ 20,000 | \$ 3,000 | \$ 30,918 | \$ (8,640) | \$ 45,278 |

ASSOCIATED FINANCIAL SERVICES, INC.
(A WHOLLY-OWNED SUBSIDIARY OF RTM, LTD.)
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2010 AND 2009

| | <u>2010</u> | <u>2009</u> |
|---|------------------|-----------------|
| OPERATING ACTIVITIES | | |
| Net income | \$ 9,636 | \$ 16,036 |
| Changes in assets and liabilities | | |
| Commissions receivable | (2,949) | 5,982 |
| Prepaid rent | (600) | - |
| Accounts payable | 95 | (18) |
| Accrued commissions payable | 4,046 | (2,329) |
| Accrued payroll taxes | (819) | 469 |
| NET CASH FROM OPERATING ACTIVITIES | 9,409 | 20,140 |
| INVESTING ACTIVITY | | |
| Net repayments of (advances on) note receivable from officer | 3,911 | (9,708) |
| FINANCING ACTIVITY | | |
| Distributions | (1,000) | (26,000) |
| NET CHANGE IN CASH | 12,320 | (15,568) |
| CASH AT BEGINNING OF YEAR | 895 | 16,463 |
| CASH AT END OF YEAR | \$ 13,215 | \$ 895 |

ASSOCIATED FINANCIAL SERVICES, INC.
(A WHOLLY-OWNED SUBSIDIARY OF RTM, LTD.)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010 AND 2009

NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Associated Financial Services, Inc. (a wholly-owned subsidiary of RTM, Ltd.) is a North Dakota corporation operating as a broker/dealer in securities under the Securities Exchange Act of 1934. The Company operates one site in Fargo, North Dakota with representatives in various locations in North Dakota. The Company's primary source of revenue is providing brokerage services to its customers.

The Company operates under the provisions of Paragraph (k)(2)(I) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that Rule. Essentially, the requirements of Paragraph (k)(2)(I) provide that the Company carries no margin accounts, promptly transmits all customer funds and delivers all securities received in connection with the activities as a broker/dealer, does not otherwise hold funds or securities for, or owe money or securities to customers and effectuates all financial transactions between itself and its customers through one or more bank accounts each to be designated as "Special Account for the Exclusive Benefit of Customers."

Security Transactions

Commission revenue and expenses are reflected in these financial statements as of the trade date.

Income Taxes

The Company files its income tax returns on a consolidated basis with its parent company, RTM, Ltd. The Company's provision for income taxes is determined using the separate return method. Income taxes are paid by RTM, Ltd. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. RTM, Ltd.'s federal and state income tax returns prior to fiscal year 2007 are closed.

During 2010, the Company implemented FASB ASC 740-10 (formerly Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*). In accordance therewith, the Company undergoes an annual analysis of its various tax positions, assessing the likelihood of those positions being upheld upon examination with relevant tax authorities, as defined by FASB ASC 740-10. At March 31, 2010 the Company had no tax positions that would not be upheld under examination.

Any interest or penalties assessed to the Company are recorded in operating expenses. For the years ended March 31, 2010 and 2009, there were no interest or penalties recorded in the accompanying financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Company considers all certificates of deposit to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

Fair Value Measurements

The Company has determined the fair value of certain assets and liabilities in accordance with the provisions of FASB Statement No. 157, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles.

Statement No. 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. SFAS 157 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Commissions Receivable

Commissions receivable result from commissions earned on sales of investments. Commissions are received monthly from the related investments.

Investments

The Company classifies its marketable equity securities as available for sale. Securities classified as available for sale are carried in the financial statements at fair value. Realized gains and losses, determined using the first-in, first-out (FIFO) method, are included in earnings; unrealized holding gains and losses are reported in other comprehensive income.

Comprehensive Income

Comprehensive income includes net income and the change in unrealized gains (losses) on investments. Cumulative net comprehensive income is reported as a component of stockholder's equity on the balance sheet.

Advertising

Costs for advertising are expensed as incurred.

Subsequent Events

The Company has evaluated subsequent events through May 24, 2010, the date which the financial statements were available to be issued.

NOTE 2 - OPERATING LEASE

The Company leases its office space under a monthly operating lease. The Company is required to pay utilities. Office lease payments, including utilities, for the years ended March 31, 2010 and 2009 were \$10,783 and \$10,275, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - RELATED PARTY TRANSACTIONS

As of March 31, 2010 and 2009, the Company's unsecured 4 percent note receivable balance from one of its officers, due on demand, was \$17,476 and \$21,387, respectively. Interest income from this note receivable totaled \$889 and \$733 in the years ended March 31, 2010 and 2009, respectively.

NOTE 4 - FAIR VALUE OF ASSETS

Assets measured at fair value on a recurring basis at March 31, 2010 and 2009, respectively, are as follows:

| | Quoted Prices in Active Markets (Level 1) | Other Observable Observable (Level 2) | Unobservable Inputs (Level 3) |
|-------------------------------|---|--|-------------------------------------|
| <u>March 31, 2010</u> | | | |
| Available-for-sale securities | \$ 10,560 | \$ - | \$ - |
| <u>March 31, 2009</u> | | | |
| Available-for-sale securities | \$ 9,790 | \$ - | \$ - |

The Company identifies cost on the first-in first-out basis.

The related fair values of these assets are determined as follows:

| | 2010 | | |
|-------------------------------|-----------|-----------------------------|---------------|
| Available-for-Sale Securities | Cost | Gross Unrealized Loss | Fair Value |
| NASDAQ OMX Group Inc. | \$ 19,200 | \$ (8,640) | \$ 10,560 |
| | 2009 | | |
| Available-for-Sale Securities | Cost | Gross Unrealized Loss | Fair Value |
| NASDAQ OMX Group Inc. | \$ 19,200 | \$ (9,410) | \$ 9,790 |

The fair value for available-for-sale securities is determined by reference to quoted market prices.

Unrealized gains of \$770 in 2010 and unrealized losses of \$9,540 in 2009 are reported in the statements of operations and comprehensive income as a component of other comprehensive income.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - RESERVE REQUIREMENTS

The Company is exempt from Securities and Exchanges Commission Rule 15c3-3 under section (k)(2)(A) and, therefore, is not required to make the periodic computation for determination of reserve requirements and information relating to the possession and control requirements under Rule 15c3-3.

NOTE 6 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's uniform net capital rule (Rule 15c3-1) which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. The rule also provides that equity capital may not be withdrawn or dividends paid if the resulting net capital ratio would exceed 10 to 1. As of March 31, 2010 and 2009, the Company's net capital ratio, net capital, and net capital requirements were as follows:

| | <u>2010</u> | <u>2009</u> |
|-------------------------|------------------|-----------------|
| Net capital ratio | <u>.40:1</u> | <u>.58:1</u> |
| Net capital | <u>\$ 21,922</u> | <u>\$ 9,590</u> |
| Net capital requirement | <u>\$ 5,000</u> | <u>\$ 5,000</u> |

The Securities and Exchange Commission has adopted certain amendments to its Net Capital Rule requiring increased minimum net capital for brokers and dealers in securities. The Company is still subject to a \$5,000 minimum net capital requirement. The Company is also subject to the requirements that if aggregate indebtedness multiplied by 6-2/3 percent is higher, the minimum net capital would be increased to the higher amount.

NOTE 7 - INCOME TAXES

The provisions for income taxes consist of current federal and state taxes due. The Company's provision for income taxes differs from applying the statutory U.S. federal income tax rate to income before income taxes.



Supplementary Information

Associated Financial Services, Inc.

(A Wholly-Owned Subsidiary of RTM, LTD.)

ASSOCIATED FINANCIAL SERVICES, INC.
(A WHOLLY-OWNED SUBSIDIARY OF RTM, LTD.)
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
MARCH 31, 2010

| | <u>Schedule I</u> |
|--|-------------------|
| NET CAPITAL | |
| Total stockholder's equity from the statement of financial condition | \$ 45,278 |
| Deductions | |
| Nonallowable assets: | |
| Haircuts on securities | (5,280) |
| Note receivable from officer | (17,476) |
| Prepaid rent | (600) |
| | <u>21,922</u> |
| Net capital | <u>\$ 21,922</u> |
| COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS | |
| Minimum net capital required - higher of 6-2/3% times aggregate indebtedness or \$5,000 | <u>\$ 5,000</u> |
| Excess net capital | <u>\$ 16,922</u> |
| Excess net capital at 1,000% (Net capital less 10% of total aggregate indebtedness) | <u>\$ 21,037</u> |
| AGGREGATE INDEBTEDNESS | |
| Total aggregate indebtedness included in the statement of financial condition | <u>\$ 8,853</u> |
| Ratio of aggregate indebtedness to net capital | <u>.40:1</u> |
| RECONCILIATION WITH COMPANY'S COMPUTATION | |
| Net capital per Part II of Form X-17A-5, as originally filed | \$ 21,922 |
| Audit adjustments | - |
| | <u>21,922</u> |
| Total aggregate indebtedness per Part II of Form X-17A-5, as originally filed | \$ 8,853 |
| Audit adjustments | - |
| | <u>\$ 8,853</u> |



CPAs & BUSINESS ADVISORS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE REQUIRED BY
RULE 17a-5 FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM RULE 15c3-3**

Associated Financial Services, Inc.
Fargo, North Dakota

In planning and performing our audit of the financial statements and supplemental schedule of Associated Financial Services, Inc. (the Company), as of and for the year ended March 31, 2010 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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 the internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control that we consider to be significant deficiency, and communicated them in writing to management and those charged with governance on May 24, 2010.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at March 31, 2010 to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fargo, North Dakota
May 24, 2010