

# CU Investment Solutions, Inc.

## Statements of Income and Changes in Retained Earnings (unaudited)

|                                                    | One Month Ended<br>January 31, |            |
|----------------------------------------------------|--------------------------------|------------|
|                                                    | 2004                           | 2003       |
| <b>Revenue</b>                                     |                                |            |
| Client revenue                                     | \$ 154,920                     | \$ 78,587  |
| Consulting service revenue                         | 112,500                        | 62,500     |
| Net income from securities owned                   | 5,268                          | 4,644      |
| Total Revenue                                      | 272,688                        | 145,731    |
| <b>Expenses</b>                                    |                                |            |
| Salaries and benefits                              | 68,474                         | 54,549     |
| Shared services                                    | 76,959                         | 60,041     |
| Conference and marketing                           | -                              | -          |
| Professional and outside services                  | 49,645                         | 6,033      |
| Travel                                             | 602                            | 3,199      |
| Office occupancy and administration                | 1,864                          | 1,241      |
| Data processing                                    | 318                            | 495        |
| Other                                              | 6,656                          | 5,145      |
| Total Expenses                                     | 204,518                        | 130,703    |
| <b>Net Income Before Income Taxes</b>              | 68,170                         | 15,028     |
| <b>Income Tax Expense</b>                          |                                |            |
| Current                                            | -                              | 1,300      |
| Deferred                                           | 26,505                         | 6,000      |
| Total Income Tax Expense                           | 26,505                         | 7,300      |
| <b>Net Income</b>                                  | 41,665                         | 7,728      |
| <b>Retained Earnings - Beginning of the Period</b> | 69,293                         | 276,960    |
| <b>Retained Earnings - End of the Period</b>       | \$ 110,958                     | \$ 284,688 |

# CU Investment Solutions, Inc.

## Statements of Financial Condition (unaudited)

|                                                                                           | January 31,         |                     | December 31,        |
|-------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
|                                                                                           | 2004                | 2003                | 2003                |
| <b>Assets</b>                                                                             |                     |                     |                     |
| Cash                                                                                      | \$ 1,064,822        | \$ 1,817,602        | \$ 1,085,504        |
| Receivables:                                                                              |                     |                     |                     |
| Due from affiliates                                                                       | 112,500             | 62,500              | 62,500              |
| Accrued interest                                                                          | 4,285               | 13,133              | 2,097               |
| Customers                                                                                 | 34,249              | 8,783               | 9,956               |
| Total receivables                                                                         | 151,034             | 84,416              | 74,553              |
| Securities owned, at fair value                                                           | 3,091,303           | 3,182,285           | 3,091,493           |
| Income taxes receivable                                                                   | 113,119             | 94,185              | 139,624             |
| Other assets                                                                              | 16,789              | 38,276              | 11,847              |
| <b>Total Assets</b>                                                                       | <b>\$ 4,437,067</b> | <b>\$ 5,216,764</b> | <b>\$ 4,403,021</b> |
| <b>Liabilities and Stockholder's Equity</b>                                               |                     |                     |                     |
| Liabilities:                                                                              |                     |                     |                     |
| Due to affiliate                                                                          | \$ 74,527           | 58,861              | 76,818              |
| Payable to customers and broker/dealers                                                   | -                   | 690,375             | -                   |
| Accounts payable and accrued expenses                                                     | 184,673             | 115,931             | 190,001             |
| Income taxes payable                                                                      | -                   | -                   | -                   |
| Total Liabilities                                                                         | 259,200             | 865,167             | 266,819             |
| Stockholder's Equity                                                                      |                     |                     |                     |
| Common stock, no par value, 2,000 shares authorized,<br>800 shares issued and outstanding | 4,066,909           | 4,066,909           | 4,066,909           |
| Retained earnings (accumulated deficit)                                                   | 110,958             | 284,688             | 69,293              |
| Total Stockholder's Equity                                                                | 4,177,867           | 4,351,597           | 4,136,202           |
| <b>Total Liabilities and Stockholder's Equity</b>                                         | <b>\$ 4,437,067</b> | <b>\$ 5,216,764</b> | <b>\$ 4,403,021</b> |

# CU Investment Solutions, Inc.

## Net Capital Computation (unaudited)

January 31, 2004

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|                                                                                                    |            |                     |
|----------------------------------------------------------------------------------------------------|------------|---------------------|
| Ownership Equity                                                                                   |            | 4,177,867           |
| Non-Allowable Assets                                                                               |            |                     |
| Investments in affiliates                                                                          | 1,064,822  |                     |
| Accounts receivable, investment advisory fees                                                      | 3,418      |                     |
| Accounts receivable, other                                                                         | 112,500    |                     |
| Prepaid expenses                                                                                   | 16,789     |                     |
| Furniture and equipment                                                                            | -          |                     |
| Current and deferred income taxes recoverable                                                      | 113,119    |                     |
| Accrued interest over 30 days                                                                      | 979        |                     |
| Other                                                                                              | -          |                     |
|                                                                                                    |            | <u>(1,311,627)</u>  |
| Total Non-Allowable Assets                                                                         |            |                     |
|                                                                                                    |            | <u>(38,000)</u>     |
| Deduction for Excess Insurance Deductible                                                          |            |                     |
|                                                                                                    |            | <u>(38,000)</u>     |
| Net Capital Before Haircuts on Securities                                                          |            | 2,828,240           |
| Haircuts on Securities                                                                             |            | <u>(203,913)</u>    |
| Net Regulatory Capital                                                                             |            | 2,624,327           |
| Aggregate Indebtedness                                                                             |            |                     |
| Total liabilities                                                                                  | \$ 259,200 |                     |
| Liabilities excluded from aggregate indebtedness                                                   | -          |                     |
|                                                                                                    |            | <u>259,200</u>      |
| Total Aggregate Indebtedness                                                                       |            |                     |
|                                                                                                    |            | <u>259,200</u>      |
| Minimum Net Capital Based on Aggregate Indebtedness<br>(Total Aggregate Indebtedness x 6 2/3%)     | \$ 17,280  |                     |
|                                                                                                    |            | <u>17,280</u>       |
| Regulatory Minimum Net Capital<br>(Greater of \$100,000 or 6 2/3% of Total Aggregate Indebtedness) |            | <u>100,000</u>      |
| Excess Net Capital                                                                                 |            | <u>\$ 2,524,327</u> |
| Ratio of Aggregate Indebtedness to Net Capital                                                     |            | <u>0.1 to 1</u>     |

# CU Investment Solutions, Inc.

## Statements of Income and Changes in Retained Earnings (unaudited)

|                                                    | One Month Ended      |                      | Two Months Ended     |                      |
|----------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                    | February 29,<br>2004 | February 28,<br>2003 | February 29,<br>2004 | February 28,<br>2003 |
| <b>Revenue</b>                                     |                      |                      |                      |                      |
| Client revenue                                     | \$ 146,121           | \$ 60,626            | \$ 301,041           | \$ 139,213           |
| Consulting service revenue                         | 112,500              | 62,500               | 225,000              | 125,000              |
| Net income from securities owned                   | 5,186                | 5,384                | 10,454               | 10,028               |
| <b>Total Revenue</b>                               | <b>263,807</b>       | <b>128,510</b>       | <b>536,495</b>       | <b>274,241</b>       |
| <b>Expenses</b>                                    |                      |                      |                      |                      |
| Salaries and benefits                              | 72,951               | 58,238               | 141,425              | 112,787              |
| Shared services                                    | 78,634               | 67,130               | 155,593              | 127,171              |
| Conference and marketing                           | -                    | -                    | -                    | -                    |
| Professional and outside services                  | 65,721               | 19,557               | 115,366              | 25,591               |
| Travel                                             | 5,515                | 9,472                | 6,117                | 12,671               |
| Office occupancy and administration                | 981                  | 750                  | 2,845                | 1,991                |
| Data processing                                    | 531                  | 462                  | 849                  | 957                  |
| Other                                              | 773                  | 1,265                | 7,429                | 6,409                |
| <b>Total Expenses</b>                              | <b>225,106</b>       | <b>156,874</b>       | <b>429,624</b>       | <b>287,577</b>       |
| <b>Net Income (Loss) Before Income Taxes</b>       | <b>38,701</b>        | <b>(28,364)</b>      | <b>106,871</b>       | <b>(13,336)</b>      |
| <b>Income Tax Expense (Benefit)</b>                |                      |                      |                      |                      |
| Current                                            | -                    | (3,000)              | -                    | -                    |
| Deferred                                           | 15,462               | (7,875)              | 41,967               | (3,575)              |
| <b>Total Income Tax Expense (Benefit)</b>          | <b>15,462</b>        | <b>(10,875)</b>      | <b>41,967</b>        | <b>(3,575)</b>       |
| <b>Net Income (Loss)</b>                           | <b>23,239</b>        | <b>(17,489)</b>      | <b>64,904</b>        | <b>(9,761)</b>       |
| <b>Retained Earnings - Beginning of the Period</b> | <b>110,958</b>       | <b>284,688</b>       | <b>69,293</b>        | <b>276,960</b>       |
| <b>Retained Earnings - End of the Period</b>       | <b>\$ 134,197</b>    | <b>\$ 267,199</b>    | <b>\$ 134,197</b>    | <b>\$ 267,199</b>    |

# CU Investment Solutions, Inc.

## Statements of Financial Condition (unaudited)

|                                                                                           | February 29,<br>2004 | February 28,<br>2003 | December 31,<br>2003 |
|-------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|
| <b>Assets</b>                                                                             |                      |                      |                      |
| Cash                                                                                      | \$ 1,038,062         | \$ 1,017,460         | \$ 1,085,504         |
| Receivables:                                                                              |                      |                      |                      |
| Due from affiliates                                                                       | 112,500              | 62,500               | 62,500               |
| Accrued interest                                                                          | 6,800                | 17,433               | 2,097                |
| Customers                                                                                 | 35,959               | 9,000                | 9,956                |
| Total receivables                                                                         | 155,259              | 88,933               | 74,553               |
| Securities owned, at fair value                                                           | 3,091,303            | 3,179,988            | 3,091,493            |
| Income taxes receivable                                                                   | 97,657               | 105,060              | 139,624              |
| Other assets                                                                              | 16,114               | 37,398               | 11,847               |
| <b>Total Assets</b>                                                                       | <b>\$ 4,398,395</b>  | <b>\$ 4,428,839</b>  | <b>\$ 4,403,021</b>  |
| <b>Liabilities and Stockholder's Equity</b>                                               |                      |                      |                      |
| Liabilities:                                                                              |                      |                      |                      |
| Due to affiliate                                                                          | \$ 75,691            | 66,585               | 76,818               |
| Payable to customers and broker/dealers                                                   | -                    | -                    | -                    |
| Accounts payable and accrued expenses                                                     | 121,598              | 28,146               | 190,001              |
| Income taxes payable                                                                      | -                    | -                    | -                    |
| Total Liabilities                                                                         | 197,289              | 94,731               | 266,819              |
| Stockholder's Equity                                                                      |                      |                      |                      |
| Common stock, no par value, 2,000 shares authorized,<br>800 shares issued and outstanding | 4,066,909            | 4,066,909            | 4,066,909            |
| Retained earnings (accumulated deficit)                                                   | 134,197              | 267,199              | 69,293               |
| Total Stockholder's Equity                                                                | 4,201,106            | 4,334,108            | 4,136,202            |
| <b>Total Liabilities and Stockholder's Equity</b>                                         | <b>\$ 4,398,395</b>  | <b>\$ 4,428,839</b>  | <b>\$ 4,403,021</b>  |

# CU Investment Solutions, Inc.

## Net Capital Computation (unaudited)

February 29, 2004

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|                                                                                                    |            |                     |
|----------------------------------------------------------------------------------------------------|------------|---------------------|
| Ownership Equity                                                                                   |            | 4,201,106           |
| Non-Allowable Assets                                                                               |            |                     |
| Investments in affiliates                                                                          | 1,038,062  |                     |
| Accounts receivable, investment advisory fees                                                      | 3,418      |                     |
| Accounts receivable, other                                                                         | 112,500    |                     |
| Prepaid expenses                                                                                   | 16,114     |                     |
| Furniture and equipment                                                                            | -          |                     |
| Current and deferred income taxes recoverable                                                      | 97,657     |                     |
| Accrued interest over 30 days                                                                      | 3,427      |                     |
| Other                                                                                              | -          |                     |
|                                                                                                    | <hr/>      |                     |
| Total Non-Allowable Assets                                                                         |            | <u>(1,271,178)</u>  |
| Deduction for Excess Insurance Deductible                                                          |            | <u>(38,000)</u>     |
| Net Capital Before Haircuts on Securities                                                          |            | 2,891,928           |
| Haircuts on Securities                                                                             |            | <u>(203,721)</u>    |
| Net Regulatory Capital                                                                             |            | 2,688,207           |
| Aggregate Indebtedness                                                                             |            |                     |
| Total liabilities                                                                                  | \$ 197,289 |                     |
| Liabilities excluded from aggregate indebtedness                                                   | -          |                     |
|                                                                                                    | <hr/>      |                     |
| Total Aggregate Indebtedness                                                                       | 197,289    |                     |
| Minimum Net Capital Based on Aggregate Indebtedness<br>(Total Aggregate Indebtedness x 6 2/3%)     | \$ 13,153  |                     |
| Regulatory Minimum Net Capital<br>(Greater of \$100,000 or 6 2/3% of Total Aggregate Indebtedness) |            | <u>100,000</u>      |
| Excess Net Capital                                                                                 |            | <u>\$ 2,588,207</u> |
| Ratio of Aggregate Indebtedness to Net Capital                                                     |            | <u>0.07 to 1</u>    |

# CU Investment Solutions, Inc.

## Statements of Income and Changes in Retained Earnings (unaudited)

|                                                    | One Month Ended<br>March 31, |                   | Three Months Ended<br>March 31, |                   |
|----------------------------------------------------|------------------------------|-------------------|---------------------------------|-------------------|
|                                                    | 2004                         | 2003              | 2004                            | 2003              |
| <b>Revenue</b>                                     |                              |                   |                                 |                   |
| Client revenue                                     | \$ 197,605                   | \$ 59,560         | \$ 498,646                      | \$ 198,773        |
| Consulting service revenue                         | 112,500                      | 62,500            | 337,500                         | 187,500           |
| Net income from securities owned                   | 4,332                        | 5,267             | 14,786                          | 15,295            |
| <b>Total Revenue</b>                               | <b>314,437</b>               | <b>127,327</b>    | <b>850,932</b>                  | <b>401,568</b>    |
| <b>Expenses</b>                                    |                              |                   |                                 |                   |
| Salaries and benefits                              | 71,194                       | 55,049            | 212,619                         | 167,836           |
| Shared services                                    | 74,534                       | 62,551            | 230,127                         | 189,722           |
| Conference and marketing                           | -                            | 912               | -                               | 912               |
| Professional and outside services                  | 101,483                      | 11,213            | 216,849                         | 36,804            |
| Travel                                             | 7,589                        | 9,537             | 13,706                          | 22,208            |
| Office occupancy and administration                | 1,407                        | 1,076             | 4,252                           | 3,067             |
| Data processing                                    | 418                          | 476               | 1,267                           | 1,433             |
| Other                                              | 575                          | 409               | 8,004                           | 6,818             |
| <b>Total Expenses</b>                              | <b>257,200</b>               | <b>141,223</b>    | <b>686,824</b>                  | <b>428,800</b>    |
| <b>Net Income (Loss) Before Income Taxes</b>       | <b>57,237</b>                | <b>(13,896)</b>   | <b>164,108</b>                  | <b>(27,232)</b>   |
| <b>Income Tax Expense (Benefit)</b>                |                              |                   |                                 |                   |
| Current                                            | -                            | -                 | -                               | -                 |
| Deferred                                           | 23,005                       | (4,900)           | 64,972                          | (8,475)           |
| <b>Total Income Tax Expense (Benefit)</b>          | <b>23,005</b>                | <b>(4,900)</b>    | <b>64,972</b>                   | <b>(8,475)</b>    |
| <b>Net Income (Loss)</b>                           | <b>34,232</b>                | <b>(8,996)</b>    | <b>99,136</b>                   | <b>(18,757)</b>   |
| <b>Retained Earnings - Beginning of the Period</b> | <b>134,197</b>               | <b>267,199</b>    | <b>69,293</b>                   | <b>276,960</b>    |
| <b>Retained Earnings - End of the Period</b>       | <b>\$ 168,429</b>            | <b>\$ 258,203</b> | <b>\$ 168,429</b>               | <b>\$ 258,203</b> |

# CU Investment Solutions, Inc.

## Statements of Financial Condition (unaudited)

|                                                                                           | March 31,           |                     | December 31,        |
|-------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
|                                                                                           | 2004                | 2003                | 2003                |
| <b>Assets</b>                                                                             |                     |                     |                     |
| Cash                                                                                      | \$ 1,048,434        | \$ 992,842          | \$ 1,085,504        |
| Receivables:                                                                              |                     |                     |                     |
| Due from affiliates                                                                       | 112,500             | 62,500              | 62,500              |
| Accrued interest                                                                          | 14,786              | 22,390              | 2,097               |
| Customers                                                                                 | 67,107              | 21,235              | 9,956               |
| Total receivables                                                                         | 194,393             | 106,125             | 74,553              |
| Securities owned, at fair value                                                           | 3,161,009           | 3,177,286           | 3,091,493           |
| Income taxes receivable                                                                   | 74,652              | 109,960             | 139,624             |
| Other assets                                                                              | 15,588              | 35,070              | 11,847              |
| <b>Total Assets</b>                                                                       | <b>\$ 4,494,076</b> | <b>\$ 4,421,283</b> | <b>\$ 4,403,021</b> |
| <b>Liabilities and Stockholder's Equity</b>                                               |                     |                     |                     |
| Liabilities:                                                                              |                     |                     |                     |
| Due to affiliate                                                                          | \$ 71,256           | 61,580              | 76,818              |
| Payable to customers and broker/dealers                                                   | -                   | -                   | -                   |
| Accounts payable and accrued expenses                                                     | 187,482             | 34,591              | 190,001             |
| Income taxes payable                                                                      | -                   | -                   | -                   |
| Total Liabilities                                                                         | 258,738             | 96,171              | 266,819             |
| Stockholder's Equity                                                                      |                     |                     |                     |
| Common stock, no par value, 2,000 shares authorized,<br>800 shares issued and outstanding | 4,066,909           | 4,066,909           | 4,066,909           |
| Retained earnings (accumulated deficit)                                                   | 168,429             | 258,203             | 69,293              |
| Total Stockholder's Equity                                                                | 4,235,338           | 4,325,112           | 4,136,202           |
| <b>Total Liabilities and Stockholder's Equity</b>                                         | <b>\$ 4,494,076</b> | <b>\$ 4,421,283</b> | <b>\$ 4,403,021</b> |



# CU Investment Solutions, Inc.

## Net Capital Computation (unaudited)

March 31 2004

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|                                                                                                    |            |                          |
|----------------------------------------------------------------------------------------------------|------------|--------------------------|
| Ownership Equity                                                                                   |            | 4,235,338                |
| Non-Allowable Assets                                                                               |            |                          |
| Investments in affiliates                                                                          | 1,048,434  |                          |
| Accounts receivable, investment advisory fees                                                      | 2,418      |                          |
| Accounts receivable, other                                                                         | 112,500    |                          |
| Prepaid expenses                                                                                   | 15,588     |                          |
| Furniture and equipment                                                                            | -          |                          |
| Current and deferred income taxes recoverable                                                      | 74,652     |                          |
| Accrued interest over 30 days                                                                      | 11,014     |                          |
| Other                                                                                              | -          |                          |
|                                                                                                    |            | <hr/>                    |
| Total Non-Allowable Assets                                                                         |            | (1,264,606)              |
| Deduction for Excess Insurance Deductible                                                          |            | <hr/> (38,000)           |
| Net Capital Before Haircuts on Securities                                                          |            | 2,932,732                |
| Haircuts on Securities                                                                             |            | <hr/> (215,093)          |
| Net Regulatory Capital                                                                             |            | 2,717,639                |
| Aggregate Indebtedness                                                                             |            |                          |
| Total liabilities                                                                                  | \$ 258,738 |                          |
| Liabilities excluded from aggregate indebtedness                                                   | -          |                          |
|                                                                                                    |            | <hr/>                    |
| Total Aggregate Indebtedness                                                                       | 258,738    |                          |
| Minimum Net Capital Based on Aggregate Indebtedness<br>(Total Aggregate Indebtedness x 6 2/3%)     | \$ 17,249  |                          |
| Regulatory Minimum Net Capital<br>(Greater of \$100,000 or 6 2/3% of Total Aggregate Indebtedness) |            | <hr/> 100,000            |
| Excess Net Capital                                                                                 |            | <hr/> <hr/> \$ 2,617,639 |
| Ratio of Aggregate Indebtedness to Net Capital                                                     |            | <hr/> <hr/> 0.1 to 1     |

# CU Investment Solutions, Inc.

## Statements of Income and Changes in Retained Earnings (unaudited)

|                                                    | One Month Ended<br>April 30, |                   | Four Months Ended<br>April 30, |                   |
|----------------------------------------------------|------------------------------|-------------------|--------------------------------|-------------------|
|                                                    | 2004                         | 2003              | 2004                           | 2003              |
| <b>Revenue</b>                                     |                              |                   |                                |                   |
| Client revenue                                     | \$ 250,701                   | \$ 70,994         | \$ 749,347                     | \$ 269,767        |
| Consulting service revenue                         | 112,500                      | 62,500            | 450,000                        | 250,000           |
| Net income from securities owned                   | (4,337)                      | 3,616             | 10,449                         | 18,911            |
| <b>Total Revenue</b>                               | <b>358,864</b>               | <b>137,110</b>    | <b>1,209,796</b>               | <b>538,678</b>    |
| <b>Expenses</b>                                    |                              |                   |                                |                   |
| Salaries and benefits                              | 70,766                       | 59,040            | 283,385                        | 226,876           |
| Shared services                                    | 79,159                       | 62,286            | 309,286                        | 252,008           |
| Conference and marketing                           | -                            | 740               | -                              | 1,652             |
| Professional and outside services                  | 125,756                      | 7,501             | 342,605                        | 44,305            |
| Travel                                             | 3,080                        | 4,395             | 16,786                         | 26,603            |
| Office occupancy and administration                | 2,420                        | 1,550             | 6,672                          | 4,617             |
| Data processing                                    | 467                          | 419               | 1,734                          | 1,852             |
| Other                                              | 883                          | 4,488             | 8,887                          | 11,306            |
| <b>Total Expenses</b>                              | <b>282,531</b>               | <b>140,419</b>    | <b>969,355</b>                 | <b>569,219</b>    |
| <b>Net Income (Loss) Before Income Taxes</b>       | <b>76,333</b>                | <b>(3,309)</b>    | <b>240,441</b>                 | <b>(30,541)</b>   |
| <b>Income Tax Expense (Benefit)</b>                |                              |                   |                                |                   |
| Current                                            | -                            | -                 | -                              | -                 |
| Deferred                                           | 29,893                       | 200               | 94,865                         | (8,275)           |
| <b>Total Income Tax Expense (Benefit)</b>          | <b>29,893</b>                | <b>200</b>        | <b>94,865</b>                  | <b>(8,275)</b>    |
| <b>Net Income (Loss)</b>                           | <b>46,440</b>                | <b>(3,509)</b>    | <b>145,576</b>                 | <b>(22,266)</b>   |
| <b>Retained Earnings - Beginning of the Period</b> | <b>168,429</b>               | <b>258,203</b>    | <b>69,293</b>                  | <b>276,960</b>    |
| <b>Retained Earnings - End of the Period</b>       | <b>\$ 214,869</b>            | <b>\$ 254,694</b> | <b>\$ 214,869</b>              | <b>\$ 254,694</b> |

# CU Investment Solutions, Inc.

## Statements of Financial Condition (unaudited)

|                                                                                           | April 30,           |                     | December 31,        |
|-------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
|                                                                                           | 2004                | 2003                | 2003                |
| <b>Assets</b>                                                                             |                     |                     |                     |
| Cash                                                                                      | \$ 1,091,789        | \$ 825,869          | \$ 1,085,504        |
| Receivables:                                                                              |                     |                     |                     |
| Due from affiliates                                                                       | 112,500             | 62,500              | 62,500              |
| Accrued interest                                                                          | 1,039               | 27,007              | 2,097               |
| Customers                                                                                 | 97,863              | 7,835               | 9,956               |
| Total receivables                                                                         | 211,402             | 97,342              | 74,553              |
| Securities owned, at fair value                                                           | 3,151,300           | 3,173,223           | 3,091,493           |
| Income taxes receivable                                                                   | 44,759              | 109,760             | 139,624             |
| Other assets                                                                              | 69,812              | 206,364             | 11,847              |
| <b>Total Assets</b>                                                                       | <b>\$ 4,569,062</b> | <b>\$ 4,412,558</b> | <b>\$ 4,403,021</b> |
| <b>Liabilities and Stockholder's Equity</b>                                               |                     |                     |                     |
| <b>Liabilities:</b>                                                                       |                     |                     |                     |
| Due to affiliate                                                                          | \$ 73,743           | 61,997              | 76,818              |
| Payable to customers and broker/dealers                                                   | -                   | -                   | -                   |
| Accounts payable and accrued expenses                                                     | 213,541             | 28,958              | 190,001             |
| Income taxes payable                                                                      | -                   | -                   | -                   |
| Total Liabilities                                                                         | 287,284             | 90,955              | 266,819             |
| <b>Stockholder's Equity</b>                                                               |                     |                     |                     |
| Common stock, no par value, 2,000 shares authorized,<br>800 shares issued and outstanding | 4,066,909           | 4,066,909           | 4,066,909           |
| Retained earnings (accumulated deficit)                                                   | 214,869             | 254,694             | 69,293              |
| Total Stockholder's Equity                                                                | 4,281,778           | 4,321,603           | 4,136,202           |
| <b>Total Liabilities and Stockholder's Equity</b>                                         | <b>\$ 4,569,062</b> | <b>\$ 4,412,558</b> | <b>\$ 4,403,021</b> |

# CU Investment Solutions, Inc.

## Net Capital Computation (unaudited)

April 30, 2004

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|                                                                                                    |            |                     |
|----------------------------------------------------------------------------------------------------|------------|---------------------|
| Ownership Equity                                                                                   |            | 4,281,778           |
| Non-Allowable Assets                                                                               |            |                     |
| Investments in affiliates                                                                          | 1,091,789  |                     |
| Accounts receivable, investment advisory fees                                                      | 2,418      |                     |
| Accounts receivable, other                                                                         | 112,500    |                     |
| Prepaid expenses                                                                                   | 69,812     |                     |
| Furniture and equipment                                                                            | -          |                     |
| Current and deferred income taxes recoverable                                                      | 44,759     |                     |
| Accrued interest over 30 days                                                                      | -          |                     |
| Other                                                                                              | -          |                     |
|                                                                                                    |            | <u>(1,321,278)</u>  |
| Total Non-Allowable Assets                                                                         |            |                     |
|                                                                                                    |            | <u>(1,321,278)</u>  |
| Deduction for Excess Insurance Deductible                                                          |            | <u>(38,000)</u>     |
| Net Capital Before Haircuts on Securities                                                          |            | 2,922,500           |
| Haircuts on Securities                                                                             |            | <u>(214,813)</u>    |
| Net Regulatory Capital                                                                             |            | 2,707,687           |
| Aggregate Indebtedness                                                                             |            |                     |
| Total liabilities                                                                                  | \$ 287,284 |                     |
| Liabilities excluded from aggregate indebtedness                                                   | -          |                     |
|                                                                                                    |            | <u>287,284</u>      |
| Total Aggregate Indebtedness                                                                       |            |                     |
|                                                                                                    |            | <u>287,284</u>      |
| Minimum Net Capital Based on Aggregate Indebtedness<br>(Total Aggregate Indebtedness x 6 2/3%)     | \$ 19,152  |                     |
|                                                                                                    |            | <u>19,152</u>       |
| Regulatory Minimum Net Capital<br>(Greater of \$100,000 or 6 2/3% of Total Aggregate Indebtedness) |            | <u>100,000</u>      |
| Excess Net Capital                                                                                 |            | <u>\$ 2,607,687</u> |
| Ratio of Aggregate Indebtedness to Net Capital                                                     |            | <u>0.11 to 1</u>    |

# CU Investment Solutions, Inc.

## Statements of Income and Changes in Retained Earnings (unaudited)

|                                                    | One Month Ended<br>May 31, |                   | Five Months Ended<br>May 31, |                   |
|----------------------------------------------------|----------------------------|-------------------|------------------------------|-------------------|
|                                                    | 2004                       | 2003              | 2004                         | 2003              |
| <b>Revenue</b>                                     |                            |                   |                              |                   |
| Client revenue                                     | \$ 97,567                  | \$ 59,013         | \$ 846,914                   | \$ 328,780        |
| Consulting service revenue                         | 112,500                    | 62,500            | 562,500                      | 312,500           |
| Net income from securities owned                   | (979)                      | 4,973             | 9,470                        | 23,884            |
| <b>Total Revenue</b>                               | <b>209,088</b>             | <b>126,486</b>    | <b>1,418,884</b>             | <b>665,164</b>    |
| <b>Expenses</b>                                    |                            |                   |                              |                   |
| Salaries and benefits                              | 76,472                     | 62,509            | 359,857                      | 289,385           |
| Shared services                                    | 82,850                     | 62,650            | 392,136                      | 314,658           |
| Conference and marketing                           | 1,384                      | 22,200            | 1,384                        | 23,852            |
| Professional and outside services                  | 32,955                     | 23,335            | 375,560                      | 67,640            |
| Travel                                             | 7,668                      | 6,109             | 24,454                       | 32,712            |
| Office occupancy and administration                | 901                        | 1,003             | 7,573                        | 5,620             |
| Data processing                                    | 329                        | 380               | 2,063                        | 2,232             |
| Other                                              | 6,216                      | 1,469             | 15,103                       | 12,775            |
| <b>Total Expenses</b>                              | <b>208,775</b>             | <b>179,655</b>    | <b>1,178,130</b>             | <b>748,874</b>    |
| <b>Net Income (Loss) Before Income Taxes</b>       | <b>313</b>                 | <b>(53,169)</b>   | <b>240,754</b>               | <b>(83,710)</b>   |
| <b>Income Tax Expense (Benefit)</b>                |                            |                   |                              |                   |
| Current                                            | -                          | -                 | -                            | -                 |
| Deferred                                           | 747                        | (21,600)          | 95,612                       | (29,875)          |
| <b>Total Income Tax Expense (Benefit)</b>          | <b>747</b>                 | <b>(21,600)</b>   | <b>95,612</b>                | <b>(29,875)</b>   |
| <b>Net Income (Loss)</b>                           | <b>(434)</b>               | <b>(31,569)</b>   | <b>145,142</b>               | <b>(53,835)</b>   |
| <b>Retained Earnings - Beginning of the Period</b> | <b>214,869</b>             | <b>254,694</b>    | <b>69,293</b>                | <b>276,960</b>    |
| <b>Retained Earnings - End of the Period</b>       | <b>\$ 214,435</b>          | <b>\$ 223,125</b> | <b>\$ 214,435</b>            | <b>\$ 223,125</b> |

# CU Investment Solutions, Inc.

## Statements of Financial Condition (unaudited)

|                                                                                           | May 31,             |                     | December 31,        |
|-------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
|                                                                                           | 2004                | 2003                | 2003                |
| <b>Assets</b>                                                                             |                     |                     |                     |
| Cash                                                                                      | \$ 1,269,836        | \$ 845,334          | \$ 1,085,504        |
| Receivables:                                                                              |                     |                     |                     |
| Due from affiliates                                                                       | 112,500             | 62,500              | 62,500              |
| Accrued interest                                                                          | 3,962               | 3,589               | 2,097               |
| Customers                                                                                 | 28,728              | 9,788               | 9,956               |
| Total receivables                                                                         | 145,190             | 75,877              | 74,553              |
| Securities owned, at fair value                                                           | 3,144,740           | 3,170,411           | 3,091,493           |
| Income taxes receivable                                                                   | 44,013              | 131,360             | 139,624             |
| Other assets                                                                              | 153,457             | 178,142             | 11,847              |
| <b>Total Assets</b>                                                                       | <b>\$ 4,757,236</b> | <b>\$ 4,401,124</b> | <b>\$ 4,403,021</b> |
| <b>Liabilities and Stockholder's Equity</b>                                               |                     |                     |                     |
| Liabilities:                                                                              |                     |                     |                     |
| Due to affiliate                                                                          | \$ 77,263           | 61,890              | 76,818              |
| Payable to customers and broker/dealers                                                   | -                   | -                   | -                   |
| Accounts payable and accrued expenses                                                     | 398,629             | 49,200              | 190,001             |
| Income taxes payable                                                                      | -                   | -                   | -                   |
| Total Liabilities                                                                         | 475,892             | 111,090             | 266,819             |
| Stockholder's Equity                                                                      |                     |                     |                     |
| Common stock, no par value, 2,000 shares authorized,<br>800 shares issued and outstanding | 4,066,909           | 4,066,909           | 4,066,909           |
| Retained earnings (accumulated deficit)                                                   | 214,435             | 223,125             | 69,293              |
| Total Stockholder's Equity                                                                | 4,281,344           | 4,290,034           | 4,136,202           |
| <b>Total Liabilities and Stockholder's Equity</b>                                         | <b>\$ 4,757,236</b> | <b>\$ 4,401,124</b> | <b>\$ 4,403,021</b> |

# CU Investment Solutions, Inc.

## Net Capital Computation (unaudited)

May 31, 2004

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|                                                                                                    |            |                 |
|----------------------------------------------------------------------------------------------------|------------|-----------------|
| Ownership Equity                                                                                   |            | 4,281,344       |
| Non-Allowable Assets                                                                               |            |                 |
| Investments in affiliates                                                                          | 1,269,836  |                 |
| Accounts receivable, investment advisory fees                                                      | 2,418      |                 |
| Accounts receivable, other                                                                         | 112,500    |                 |
| Prepaid expenses                                                                                   | 153,457    |                 |
| Furniture and equipment                                                                            | -          |                 |
| Current and deferred income taxes recoverable                                                      | 44,013     |                 |
| Accrued interest over 30 days                                                                      | 181        |                 |
| Other                                                                                              | -          |                 |
|                                                                                                    |            | <hr/>           |
| Total Non-Allowable Assets                                                                         |            | (1,582,405)     |
| Deduction for Excess Insurance Deductible                                                          |            | <hr/> (38,000)  |
| Net Capital Before Haircuts on Securities                                                          |            | 2,660,939       |
| Haircuts on Securities                                                                             |            | <hr/> (174,530) |
| Net Regulatory Capital                                                                             |            | 2,486,409       |
| Aggregate Indebtedness                                                                             |            |                 |
| Total liabilities                                                                                  | \$ 475,892 |                 |
| Liabilities excluded from aggregate indebtedness                                                   | -          |                 |
|                                                                                                    |            | <hr/>           |
| Total Aggregate Indebtedness                                                                       | 475,892    |                 |
| Minimum Net Capital Based on Aggregate Indebtedness<br>(Total Aggregate Indebtedness x 6 2/3%)     | \$ 31,726  |                 |
|                                                                                                    |            | <hr/>           |
| Regulatory Minimum Net Capital<br>(Greater of \$100,000 or 6 2/3% of Total Aggregate Indebtedness) |            | 100,000         |
|                                                                                                    |            | <hr/>           |
| Excess Net Capital                                                                                 |            | \$ 2,386,409    |
|                                                                                                    |            | <hr/>           |
| Ratio of Aggregate Indebtedness to Net Capital                                                     |            | 0.19 to 1       |
|                                                                                                    |            | <hr/>           |

# CU Investment Solutions, Inc.

## Statements of Income and Changes in Retained Earnings (unaudited)

|                                                    | One Month Ended<br>June 30, |                  | Six Months Ended<br>June 30, |                  |
|----------------------------------------------------|-----------------------------|------------------|------------------------------|------------------|
|                                                    | 2004                        | 2003             | 2004                         | 2003             |
| <b>Revenue</b>                                     |                             |                  |                              |                  |
| Client revenue                                     | \$ 93,056                   | \$ 76,319        | \$ 939,970                   | \$ 405,099       |
| Consulting service revenue                         | 112,500                     | 62,500           | 675,000                      | 375,000          |
| Net income from securities owned                   | 6,183                       | 5,289            | 15,653                       | 29,173           |
| <b>Total Revenue</b>                               | <b>211,739</b>              | <b>144,108</b>   | <b>1,630,623</b>             | <b>809,272</b>   |
| <b>Expenses</b>                                    |                             |                  |                              |                  |
| Salaries and benefits                              | 70,466                      | 59,891           | 430,323                      | 349,276          |
| Shared services                                    | 86,556                      | 63,907           | 478,692                      | 378,565          |
| Conference and marketing                           | 186,976                     | 194,343          | 188,360                      | 218,195          |
| Professional and outside services                  | 45,092                      | 24,251           | 420,652                      | 91,891           |
| Travel                                             | 6,228                       | 6,468            | 30,682                       | 39,180           |
| Office occupancy and administration                | 1,181                       | 3,833            | 8,754                        | 9,453            |
| Data processing                                    | 318                         | 302              | 2,381                        | 2,534            |
| Other                                              | 1,502                       | 1,658            | 16,605                       | 14,433           |
| <b>Total Expenses</b>                              | <b>398,319</b>              | <b>354,653</b>   | <b>1,576,449</b>             | <b>1,103,527</b> |
| <b>Net Income (Loss) Before Income Taxes</b>       | <b>(186,580)</b>            | <b>(210,545)</b> | <b>54,174</b>                | <b>(294,255)</b> |
| <b>Income Tax Expense (Benefit)</b>                |                             |                  |                              |                  |
| Current                                            | -                           | -                | -                            | -                |
| Deferred                                           | (72,209)                    | (81,800)         | 23,403                       | (111,675)        |
| <b>Total Income Tax Expense (Benefit)</b>          | <b>(72,209)</b>             | <b>(81,800)</b>  | <b>23,403</b>                | <b>(111,675)</b> |
| <b>Net Income (Loss)</b>                           | <b>(114,371)</b>            | <b>(128,745)</b> | <b>30,771</b>                | <b>(182,580)</b> |
| <b>Retained Earnings - Beginning of the Period</b> | <b>214,435</b>              | <b>223,125</b>   | <b>69,293</b>                | <b>276,960</b>   |
| <b>Retained Earnings - End of the Period</b>       | <b>\$ 100,064</b>           | <b>\$ 94,380</b> | <b>\$ 100,064</b>            | <b>\$ 94,380</b> |



# CU Investment Solutions, Inc.

## Statements of Financial Condition (unaudited)

|                                                                                           | June 30,            |                     | December 31,        |
|-------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
|                                                                                           | 2004                | 2003                | 2003                |
| <b>Assets</b>                                                                             |                     |                     |                     |
| Cash                                                                                      | \$ 979,072          | \$ 824,162          | \$ 1,085,504        |
| Receivables:                                                                              |                     |                     |                     |
| Due from affiliates                                                                       | 112,500             | 64,165              | 62,500              |
| Accrued interest                                                                          | 6,748               | 8,190               | 2,097               |
| Customers                                                                                 | 16,805              | 20,106              | 9,956               |
| Total receivables                                                                         | 136,053             | 92,461              | 74,553              |
| Securities owned, at fair value                                                           | 3,145,141           | 3,167,911           | 3,091,493           |
| Income taxes receivable                                                                   | 116,222             | 213,160             | 139,624             |
| Other assets                                                                              | 2,147               | 9,288               | 11,847              |
| <b>Total Assets</b>                                                                       | <b>\$ 4,378,635</b> | <b>\$ 4,306,982</b> | <b>\$ 4,403,021</b> |
| <b>Liabilities and Stockholder's Equity</b>                                               |                     |                     |                     |
| Liabilities:                                                                              |                     |                     |                     |
| Due to affiliate                                                                          | \$ 82,587           | 63,593              | 76,818              |
| Payable to customers and broker/dealers                                                   | -                   | 15,092              | -                   |
| Accounts payable and accrued expenses                                                     | 129,075             | 67,008              | 190,001             |
| Income taxes payable                                                                      | -                   | -                   | -                   |
| Total Liabilities                                                                         | 211,662             | 145,693             | 266,819             |
| Stockholder's Equity                                                                      |                     |                     |                     |
| Common stock, no par value, 2,000 shares authorized,<br>800 shares issued and outstanding | 4,066,909           | 4,066,909           | 4,066,909           |
| Retained earnings (accumulated deficit)                                                   | 100,064             | 94,380              | 69,293              |
| Total Stockholder's Equity                                                                | 4,166,973           | 4,161,289           | 4,136,202           |
| <b>Total Liabilities and Stockholder's Equity</b>                                         | <b>\$ 4,378,635</b> | <b>\$ 4,306,982</b> | <b>\$ 4,403,021</b> |

# CU Investment Solutions, Inc.

## Net Capital Computation (unaudited)

June 30, 2004

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|                                                                                                    |            |                          |
|----------------------------------------------------------------------------------------------------|------------|--------------------------|
| Ownership Equity                                                                                   |            | 4,166,973                |
| Non-Allowable Assets                                                                               |            |                          |
| Investments in affiliates                                                                          | 979,072    |                          |
| Accounts receivable, investment advisory fees                                                      | 2,418      |                          |
| Accounts receivable, other                                                                         | 112,500    |                          |
| Prepaid expenses                                                                                   | 2,147      |                          |
| Furniture and equipment                                                                            | -          |                          |
| Current and deferred income taxes recoverable                                                      | 116,222    |                          |
| Accrued interest over 30 days                                                                      | 2,889      |                          |
| Other                                                                                              | -          |                          |
|                                                                                                    |            | <hr/>                    |
| Total Non-Allowable Assets                                                                         |            | (1,215,248)              |
| Deduction for Excess Insurance Deductible                                                          |            | <hr/> (38,000)           |
| Net Capital Before Haircuts on Securities                                                          |            | 2,913,725                |
| Haircuts on Securities                                                                             |            | <hr/> (173,887)          |
| Net Regulatory Capital                                                                             |            | 2,739,838                |
| Aggregate Indebtedness                                                                             |            |                          |
| Total liabilities                                                                                  | \$ 211,662 |                          |
| Liabilities excluded from aggregate indebtedness                                                   | -          |                          |
|                                                                                                    |            | <hr/>                    |
| Total Aggregate Indebtedness                                                                       | 211,662    |                          |
| Minimum Net Capital Based on Aggregate Indebtedness<br>(Total Aggregate Indebtedness x 6 2/3%)     | \$ 14,111  |                          |
| Regulatory Minimum Net Capital<br>(Greater of \$100,000 or 6 2/3% of Total Aggregate Indebtedness) |            | <hr/> 100,000            |
| Excess Net Capital                                                                                 |            | <hr/> <hr/> \$ 2,639,838 |
| Ratio of Aggregate Indebtedness to Net Capital                                                     |            | <hr/> <hr/> 0.08 to 1    |

# CU Investment Solutions, Inc.

## Statements of Income and Changes in Retained Earnings (unaudited)

|                                                    | One Month Ended<br>July 31, |                   | Seven Months Ended<br>July 31, |                   |
|----------------------------------------------------|-----------------------------|-------------------|--------------------------------|-------------------|
|                                                    | 2004                        | 2003              | 2004                           | 2003              |
| <b>Revenue</b>                                     |                             |                   |                                |                   |
| Client revenue                                     | \$ 85,000                   | \$ 109,414        | \$ 1,024,970                   | \$ 514,513        |
| Consulting service revenue                         | 112,500                     | 62,500            | 787,500                        | 437,500           |
| Net income from securities owned                   | 6,316                       | 3,168             | 21,969                         | 32,341            |
| <b>Total Revenue</b>                               | <b>203,816</b>              | <b>175,082</b>    | <b>1,834,439</b>               | <b>984,354</b>    |
| <b>Expenses</b>                                    |                             |                   |                                |                   |
| Salaries and benefits                              | 74,468                      | 62,441            | 504,791                        | 411,717           |
| Shared services                                    | 85,893                      | 61,626            | 564,585                        | 440,191           |
| Conference and marketing                           | 7,505                       | (26,442)          | 195,865                        | 191,753           |
| Professional and outside services                  | 14,787                      | 19,615            | 435,439                        | 111,506           |
| Travel                                             | 1,949                       | 3,194             | 32,631                         | 42,374            |
| Office occupancy and administration                | 681                         | 755               | 9,435                          | 10,208            |
| Data processing                                    | 530                         | 308               | 2,911                          | 2,842             |
| Other                                              | 5,454                       | (6,105)           | 22,059                         | 8,328             |
| <b>Total Expenses</b>                              | <b>191,267</b>              | <b>115,392</b>    | <b>1,767,716</b>               | <b>1,218,919</b>  |
| <b>Net Income (Loss) Before Income Taxes</b>       | <b>12,549</b>               | <b>59,690</b>     | <b>66,723</b>                  | <b>(234,565)</b>  |
| <b>Income Tax Expense (Benefit)</b>                |                             |                   |                                |                   |
| Current                                            | -                           | -                 | -                              | -                 |
| Deferred                                           | 4,989                       | 24,682            | 28,392                         | (86,993)          |
| <b>Total Income Tax Expense (Benefit)</b>          | <b>4,989</b>                | <b>24,682</b>     | <b>28,392</b>                  | <b>(86,993)</b>   |
| <b>Net Income (Loss)</b>                           | <b>7,560</b>                | <b>35,008</b>     | <b>38,331</b>                  | <b>(147,572)</b>  |
| <b>Retained Earnings - Beginning of the Period</b> | <b>100,064</b>              | <b>94,380</b>     | <b>69,293</b>                  | <b>276,960</b>    |
| <b>Retained Earnings - End of the Period</b>       | <b>\$ 107,624</b>           | <b>\$ 129,388</b> | <b>\$ 107,624</b>              | <b>\$ 129,388</b> |

# CU Investment Solutions, Inc.

## Statements of Financial Condition (unaudited)

|                                                                                           | July 31,            |                     | December 31,        |
|-------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
|                                                                                           | 2004                | 2003                | 2003                |
| <b>Assets</b>                                                                             |                     |                     |                     |
| Cash                                                                                      | \$ 981,261          | \$ 855,570          | \$ 1,085,504        |
| Receivables:                                                                              |                     |                     |                     |
| Due from affiliates                                                                       | 112,500             | 66,975              | 62,500              |
| Accrued interest                                                                          | 9,476               | 12,896              | 2,097               |
| Customers                                                                                 | 13,162              | 19,209              | 9,956               |
| Total receivables                                                                         | 135,138             | 99,080              | 74,553              |
| Securities owned, at fair value                                                           | 3,145,142           | 3,163,535           | 3,091,493           |
| Income taxes receivable                                                                   | 111,232             | 196,721             | 139,624             |
| Other assets                                                                              | 1,423               | 7,564               | 11,847              |
| <b>Total Assets</b>                                                                       | <b>\$ 4,374,196</b> | <b>\$ 4,322,470</b> | <b>\$ 4,403,021</b> |
| <b>Liabilities and Stockholder's Equity</b>                                               |                     |                     |                     |
| Liabilities:                                                                              |                     |                     |                     |
| Due to affiliate                                                                          | \$ 82,851           | 60,580              | 76,818              |
| Payable to customers and broker/dealers                                                   | -                   | -                   | -                   |
| Accounts payable and accrued expenses                                                     | 116,812             | 65,593              | 190,001             |
| Income taxes payable                                                                      | -                   | -                   | -                   |
| Total Liabilities                                                                         | 199,663             | 126,173             | 266,819             |
| Stockholder's Equity                                                                      |                     |                     |                     |
| Common stock, no par value, 2,000 shares authorized,<br>800 shares issued and outstanding | 4,066,909           | 4,066,909           | 4,066,909           |
| Retained earnings (accumulated deficit)                                                   | 107,624             | 129,388             | 69,293              |
| Total Stockholder's Equity                                                                | 4,174,533           | 4,196,297           | 4,136,202           |
| <b>Total Liabilities and Stockholder's Equity</b>                                         | <b>\$ 4,374,196</b> | <b>\$ 4,322,470</b> | <b>\$ 4,403,021</b> |

# CU Investment Solutions, Inc.

## Net Capital Computation (unaudited)

July 31, 2004

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|                                                                                                    |            |                 |
|----------------------------------------------------------------------------------------------------|------------|-----------------|
| Ownership Equity                                                                                   |            | 4,174,533       |
| Non-Allowable Assets                                                                               |            |                 |
| Investments in affiliates                                                                          | 981,261    |                 |
| Accounts receivable, investment advisory fees                                                      | 4,568      |                 |
| Accounts receivable, other                                                                         | 112,500    |                 |
| Prepaid expenses                                                                                   | 1,423      |                 |
| Furniture and equipment                                                                            | -          |                 |
| Current and deferred income taxes recoverable                                                      | 111,232    |                 |
| Accrued interest over 30 days                                                                      | 5,597      |                 |
| Other                                                                                              | -          |                 |
|                                                                                                    |            | <hr/>           |
| Total Non-Allowable Assets                                                                         |            | (1,216,581)     |
| Deduction for Excess Insurance Deductible                                                          |            | <hr/> (18,000)  |
| Net Capital Before Haircuts on Securities                                                          |            | 2,939,952       |
| Haircuts on Securities                                                                             |            | <hr/> (173,822) |
| Net Regulatory Capital                                                                             |            | 2,766,130       |
| Aggregate Indebtedness                                                                             |            |                 |
| Total liabilities                                                                                  | \$ 199,663 |                 |
| Liabilities excluded from aggregate indebtedness                                                   | -          |                 |
|                                                                                                    |            | <hr/>           |
| Total Aggregate Indebtedness                                                                       | 199,663    |                 |
| Minimum Net Capital Based on Aggregate Indebtedness<br>(Total Aggregate Indebtedness x 6 2/3%)     | \$ 13,311  |                 |
|                                                                                                    |            | <hr/>           |
| Regulatory Minimum Net Capital<br>(Greater of \$100,000 or 6 2/3% of Total Aggregate Indebtedness) |            | 100,000         |
|                                                                                                    |            | <hr/>           |
| Excess Net Capital                                                                                 |            | \$ 2,666,130    |
|                                                                                                    |            | <hr/>           |
| Ratio of Aggregate Indebtedness to Net Capital                                                     |            | 0.07 to 1       |
|                                                                                                    |            | <hr/>           |

# CU Investment Solutions, Inc.

## Statements of Income and Changes in Retained Earnings (unaudited)

|                                                    | One Month Ended<br>August 31, |                   | Eight Months Ended<br>August 31, |                   |
|----------------------------------------------------|-------------------------------|-------------------|----------------------------------|-------------------|
|                                                    | 2004                          | 2003              | 2004                             | 2003              |
| <b>Revenue</b>                                     |                               |                   |                                  |                   |
| Client revenue                                     | \$ 106,407                    | \$ 82,195         | \$ 1,131,377                     | \$ 596,708        |
| Consulting service revenue                         | 112,500                       | 62,500            | 900,000                          | 500,000           |
| Net income from securities owned                   | 13,172                        | 3,594             | 35,141                           | 35,935            |
| <b>Total Revenue</b>                               | <b>232,079</b>                | <b>148,289</b>    | <b>2,066,518</b>                 | <b>1,132,643</b>  |
| <b>Expenses</b>                                    |                               |                   |                                  |                   |
| Salaries and benefits                              | 70,695                        | 61,174            | 575,486                          | 472,891           |
| Shared services                                    | 76,147                        | 60,974            | 640,732                          | 501,165           |
| Conference and marketing                           | 1,051                         | (441)             | 196,916                          | 191,312           |
| Professional and outside services                  | 19,785                        | 29,842            | 455,224                          | 141,348           |
| Travel                                             | 7,019                         | 7,925             | 39,650                           | 50,299            |
| Office occupancy and administration                | 793                           | 1,562             | 10,228                           | 11,770            |
| Data processing                                    | 4,595                         | 583               | 7,506                            | 3,425             |
| Other                                              | 683                           | 2,522             | 22,742                           | 10,850            |
| <b>Total Expenses</b>                              | <b>180,768</b>                | <b>164,141</b>    | <b>1,948,484</b>                 | <b>1,383,060</b>  |
| <b>Net Income (Loss) Before Income Taxes</b>       | <b>51,311</b>                 | <b>(15,852)</b>   | <b>118,034</b>                   | <b>(250,417)</b>  |
| <b>Income Tax Expense (Benefit)</b>                |                               |                   |                                  |                   |
| Current                                            | -                             | -                 | -                                | -                 |
| Deferred                                           | 20,409                        | -                 | 48,801                           | (86,993)          |
| <b>Total Income Tax Expense (Benefit)</b>          | <b>20,409</b>                 | <b>-</b>          | <b>48,801</b>                    | <b>(86,993)</b>   |
| <b>Net Income (Loss)</b>                           | <b>30,902</b>                 | <b>(15,852)</b>   | <b>69,233</b>                    | <b>(163,424)</b>  |
| <b>Retained Earnings - Beginning of the Period</b> | <b>107,624</b>                | <b>129,388</b>    | <b>69,293</b>                    | <b>276,960</b>    |
| <b>Retained Earnings - End of the Period</b>       | <b>\$ 138,526</b>             | <b>\$ 113,536</b> | <b>\$ 138,526</b>                | <b>\$ 113,536</b> |

# CU Investment Solutions, Inc.

## Statements of Financial Condition (unaudited)

|                                                                                           | August 31,          |                     | December 31,        |
|-------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
|                                                                                           | 2004                | 2003                | 2003                |
| <b>Assets</b>                                                                             |                     |                     |                     |
| Cash                                                                                      | \$ 1,002,219        | \$ 845,028          | \$ 1,085,504        |
| Receivables:                                                                              |                     |                     |                     |
| Due from affiliates                                                                       | 112,500             | 64,165              | 62,500              |
| Accrued interest                                                                          | 12,535              | 17,499              | 2,097               |
| Customers                                                                                 | 22,550              | 29,373              | 9,956               |
| Total receivables                                                                         | 147,585             | 111,037             | 74,553              |
| Securities owned, at fair value                                                           | 3,151,592           | 3,159,605           | 3,091,493           |
| Income taxes receivable                                                                   | 90,823              | 196,721             | 139,624             |
| Other assets                                                                              | 5,743               | 5,286               | 11,847              |
| <b>Total Assets</b>                                                                       | <b>\$ 4,397,962</b> | <b>\$ 4,317,677</b> | <b>\$ 4,403,021</b> |
| <b>Liabilities and Stockholder's Equity</b>                                               |                     |                     |                     |
| Liabilities:                                                                              |                     |                     |                     |
| Due to affiliate                                                                          | \$ 74,188           | 59,433              | 76,818              |
| Payable to customers and broker/dealers                                                   | -                   | -                   | -                   |
| Accounts payable and accrued expenses                                                     | 118,339             | 77,799              | 190,001             |
| Income taxes payable                                                                      | -                   | -                   | -                   |
| Total Liabilities                                                                         | 192,527             | 137,232             | 266,819             |
| Stockholder's Equity                                                                      |                     |                     |                     |
| Common stock, no par value, 2,000 shares authorized,<br>800 shares issued and outstanding | 4,066,909           | 4,066,909           | 4,066,909           |
| Retained earnings (accumulated deficit)                                                   | 138,526             | 113,536             | 69,293              |
| Total Stockholder's Equity                                                                | 4,205,435           | 4,180,445           | 4,136,202           |
| <b>Total Liabilities and Stockholder's Equity</b>                                         | <b>\$ 4,397,962</b> | <b>\$ 4,317,677</b> | <b>\$ 4,403,021</b> |

# CU Investment Solutions, Inc.

## Net Capital Computation (unaudited)

August 31, 2004

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|                                                                                                    |            |                          |
|----------------------------------------------------------------------------------------------------|------------|--------------------------|
| Ownership Equity                                                                                   |            | 4,205,435                |
| Non-Allowable Assets                                                                               |            |                          |
| Investments in affiliates                                                                          | 1,002,219  |                          |
| Accounts receivable, investment advisory fees                                                      | 2,418      |                          |
| Accounts receivable, other                                                                         | 112,500    |                          |
| Prepaid expenses                                                                                   | 5,743      |                          |
| Furniture and equipment                                                                            | -          |                          |
| Current and deferred income taxes recoverable                                                      | 90,823     |                          |
| Accrued interest over 30 days                                                                      | 8,306      |                          |
| Other                                                                                              | -          |                          |
|                                                                                                    |            | <hr/>                    |
| Total Non-Allowable Assets                                                                         |            | (1,222,009)              |
| Deduction for Excess Insurance Deductible                                                          |            | <hr/> (18,000)           |
| Net Capital Before Haircuts on Securities                                                          |            | 2,965,426                |
| Haircuts on Securities                                                                             |            | <hr/> (173,887)          |
| Net Regulatory Capital                                                                             |            | 2,791,539                |
| Aggregate Indebtedness                                                                             |            |                          |
| Total liabilities                                                                                  | \$ 192,527 |                          |
| Liabilities excluded from aggregate indebtedness                                                   | -          |                          |
|                                                                                                    |            | <hr/>                    |
| Total Aggregate Indebtedness                                                                       | 192,527    |                          |
| Minimum Net Capital Based on Aggregate Indebtedness<br>(Total Aggregate Indebtedness x 6 2/3%)     | \$ 12,835  |                          |
| Regulatory Minimum Net Capital<br>(Greater of \$100,000 or 6 2/3% of Total Aggregate Indebtedness) |            | <hr/> 100,000            |
| Excess Net Capital                                                                                 |            | <hr/> <hr/> \$ 2,691,539 |
| Ratio of Aggregate Indebtedness to Net Capital                                                     |            | <hr/> <hr/> 0.07 to 1    |



# CU Investment Solutions, Inc.

## Statements of Income and Changes in Retained Earnings (unaudited)

|                                                    | One Month Ended<br>September 30, |                  | Nine Months Ended<br>September 30, |                  |
|----------------------------------------------------|----------------------------------|------------------|------------------------------------|------------------|
|                                                    | 2004                             | 2003             | 2004                               | 2003             |
| <b>Revenue</b>                                     |                                  |                  |                                    |                  |
| Client revenue                                     | \$ 110,836                       | \$ 99,195        | \$ 1,242,213                       | \$ 695,903       |
| Consulting service revenue                         | 112,500                          | 62,500           | 1,012,500                          | 562,500          |
| Net income from securities owned                   | 6,450                            | 3,749            | 41,591                             | 39,684           |
| <b>Total Revenue</b>                               | <b>229,786</b>                   | <b>165,444</b>   | <b>2,296,304</b>                   | <b>1,298,087</b> |
| <b>Expenses</b>                                    |                                  |                  |                                    |                  |
| Salaries and benefits                              | 71,233                           | 63,402           | 646,719                            | 536,293          |
| Shared services                                    | 79,000                           | 73,406           | 719,732                            | 574,571          |
| Conference and marketing                           | 378                              | 67               | 197,294                            | 191,379          |
| Professional and outside services                  | 57,076                           | 41,331           | 512,300                            | 182,679          |
| Travel                                             | 4,757                            | 3,464            | 44,407                             | 53,763           |
| Office occupancy and administration                | 656                              | 2,492            | 10,884                             | 14,262           |
| Data processing                                    | 336                              | 318              | 7,842                              | 3,743            |
| Other                                              | 296                              | 4,433            | 23,038                             | 15,283           |
| <b>Total Expenses</b>                              | <b>213,732</b>                   | <b>188,913</b>   | <b>2,162,216</b>                   | <b>1,571,973</b> |
| <b>Net Income (Loss) Before Income Taxes</b>       | <b>16,054</b>                    | <b>(23,469)</b>  | <b>134,088</b>                     | <b>(273,886)</b> |
| <b>Income Tax Expense (Benefit)</b>                |                                  |                  |                                    |                  |
| Current                                            | -                                | -                | -                                  | -                |
| Deferred                                           | 6,739                            | -                | 55,540                             | (86,993)         |
| <b>Total Income Tax Expense (Benefit)</b>          | <b>6,739</b>                     | <b>-</b>         | <b>55,540</b>                      | <b>(86,993)</b>  |
| <b>Net Income (Loss)</b>                           | <b>9,315</b>                     | <b>(23,469)</b>  | <b>78,548</b>                      | <b>(186,893)</b> |
| <b>Retained Earnings - Beginning of the Period</b> | <b>138,526</b>                   | <b>113,536</b>   | <b>69,293</b>                      | <b>276,960</b>   |
| <b>Retained Earnings - End of the Period</b>       | <b>\$ 147,841</b>                | <b>\$ 90,067</b> | <b>\$ 147,841</b>                  | <b>\$ 90,067</b> |

# CU Investment Solutions, Inc.

## Statements of Financial Condition (unaudited)

|                                                                                           | September 30,       |                     | December 31,        |
|-------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
|                                                                                           | 2004                | 2003                | 2003                |
| <b>Assets</b>                                                                             |                     |                     |                     |
| Cash                                                                                      | \$ 1,142,555        | \$ 3,349,021        | \$ 1,085,504        |
| Receivables:                                                                              |                     |                     |                     |
| Due from affiliates                                                                       | 112,500             | 64,165              | 62,500              |
| Accrued interest                                                                          | 13,722              | 22,174              | 2,097               |
| Customers                                                                                 | 25,942              | 2,549,361           | 9,956               |
| Total receivables                                                                         | 152,164             | 2,635,700           | 74,553              |
| Securities owned, at fair value                                                           | 3,061,036           | 3,155,855           | 3,091,493           |
| Income taxes receivable                                                                   | 84,084              | 196,721             | 139,624             |
| Other assets                                                                              | 5,632               | 5,929               | 11,847              |
| <b>Total Assets</b>                                                                       | <b>\$ 4,445,471</b> | <b>\$ 9,343,226</b> | <b>\$ 4,403,021</b> |
| <b>Liabilities and Stockholder's Equity</b>                                               |                     |                     |                     |
| Liabilities:                                                                              |                     |                     |                     |
| Due to affiliate                                                                          | \$ 76,683           | 2,568,885           | 76,818              |
| Payable to customers and broker/dealers                                                   | -                   | 2,496,750           | -                   |
| Accounts payable and accrued expenses                                                     | 154,038             | 120,615             | 190,001             |
| Income taxes payable                                                                      | -                   | -                   | -                   |
| Total Liabilities                                                                         | 230,721             | 5,186,250           | 266,819             |
| Stockholder's Equity                                                                      |                     |                     |                     |
| Common stock, no par value, 2,000 shares authorized,<br>800 shares issued and outstanding | 4,066,909           | 4,066,909           | 4,066,909           |
| Retained earnings (accumulated deficit)                                                   | 147,841             | 90,067              | 69,293              |
| Total Stockholder's Equity                                                                | 4,214,750           | 4,156,976           | 4,136,202           |
| <b>Total Liabilities and Stockholder's Equity</b>                                         | <b>\$ 4,445,471</b> | <b>\$ 9,343,226</b> | <b>\$ 4,403,021</b> |

# CU Investment Solutions, Inc.

## Net Capital Computation (unaudited)

September 30, 2004

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|                                                                                                    |            |                          |
|----------------------------------------------------------------------------------------------------|------------|--------------------------|
| Ownership Equity                                                                                   |            | 4,214,750                |
| Non-Allowable Assets                                                                               |            |                          |
| Investments in affiliates                                                                          | 1,142,555  |                          |
| Accounts receivable, investment advisory fees                                                      | 2,418      |                          |
| Accounts receivable, other                                                                         | 112,500    |                          |
| Prepaid expenses                                                                                   | 5,632      |                          |
| Furniture and equipment                                                                            | -          |                          |
| Current and deferred income taxes recoverable                                                      | 84,084     |                          |
| Accrued interest over 30 days                                                                      | 11,014     |                          |
| Other                                                                                              | -          |                          |
|                                                                                                    |            | <hr/>                    |
| Total Non-Allowable Assets                                                                         |            | (1,358,203)              |
| Deduction for Excess Insurance Deductible                                                          |            | <hr/> (18,000)           |
| Net Capital Before Haircuts on Securities                                                          |            | 2,838,547                |
| Haircuts on Securities                                                                             |            | <hr/> (20,000)           |
| Net Regulatory Capital                                                                             |            | 2,818,547                |
| Aggregate Indebtedness                                                                             |            |                          |
| Total liabilities                                                                                  | \$ 230,721 |                          |
| Liabilities excluded from aggregate indebtedness                                                   | -          |                          |
|                                                                                                    |            | <hr/>                    |
| Total Aggregate Indebtedness                                                                       | 230,721    |                          |
| Minimum Net Capital Based on Aggregate Indebtedness<br>(Total Aggregate Indebtedness x 6 2/3%)     | \$ 15,381  |                          |
|                                                                                                    |            | <hr/>                    |
| Regulatory Minimum Net Capital<br>(Greater of \$100,000 or 6 2/3% of Total Aggregate Indebtedness) |            | <hr/> 100,000            |
| Excess Net Capital                                                                                 |            | <hr/> <hr/> \$ 2,718,547 |
| Ratio of Aggregate Indebtedness to Net Capital                                                     |            | <hr/> <hr/> 0.08 to 1    |

# CU Investment Solutions, Inc.

## Statements of Income and Changes in Retained Earnings (unaudited)

|                                                    | One Month Ended<br>October 31, |                   | Ten Months Ended<br>October 31, |                   |
|----------------------------------------------------|--------------------------------|-------------------|---------------------------------|-------------------|
|                                                    | 2004                           | 2003              | 2004                            | 2003              |
| <b>Revenue</b>                                     |                                |                   |                                 |                   |
| Client revenue                                     | \$ 74,471                      | \$ 130,048        | \$ 1,316,684                    | \$ 825,951        |
| Consulting service revenue                         | 112,500                        | 62,500            | 1,125,000                       | 625,000           |
| Net income from securities owned                   | 6,995                          | 4,232             | 48,586                          | 43,916            |
| <b>Total Revenue</b>                               | <b>193,966</b>                 | <b>196,780</b>    | <b>2,490,270</b>                | <b>1,494,867</b>  |
| <b>Expenses</b>                                    |                                |                   |                                 |                   |
| Salaries and benefits                              | 74,386                         | 61,525            | 721,105                         | 597,818           |
| Shared services                                    | 75,564                         | 61,077            | 795,296                         | 635,648           |
| Conference and marketing                           | 381                            | 1,659             | 197,655                         | 193,038           |
| Professional and outside services                  | 12,034                         | 46,576            | 524,334                         | 229,255           |
| Travel                                             | 1,809                          | 2,038             | 46,216                          | 55,801            |
| Office occupancy and administration                | 1,528                          | 3,243             | 12,412                          | 17,505            |
| Data processing                                    | 350                            | 318               | 8,192                           | 4,061             |
| Other                                              | 831                            | 3,050             | 23,869                          | 18,333            |
| <b>Total Expenses</b>                              | <b>166,863</b>                 | <b>179,486</b>    | <b>2,329,079</b>                | <b>1,751,459</b>  |
| <b>Net Income (Loss) Before Income Taxes</b>       | <b>27,103</b>                  | <b>17,294</b>     | <b>161,191</b>                  | <b>(256,592)</b>  |
| <b>Income Tax Expense (Benefit)</b>                |                                |                   |                                 |                   |
| Current                                            | -                              | -                 | -                               | -                 |
| Deferred                                           | 10,552                         | (8,582)           | 66,092                          | (95,575)          |
| <b>Total Income Tax Expense (Benefit)</b>          | <b>10,552</b>                  | <b>(8,582)</b>    | <b>66,092</b>                   | <b>(95,575)</b>   |
| <b>Net Income (Loss)</b>                           | <b>16,551</b>                  | <b>25,876</b>     | <b>95,099</b>                   | <b>(161,017)</b>  |
| <b>Retained Earnings - Beginning of the Period</b> | <b>147,841</b>                 | <b>90,067</b>     | <b>69,293</b>                   | <b>276,960</b>    |
| <b>Retained Earnings - End of the Period</b>       | <b>\$ 164,392</b>              | <b>\$ 115,943</b> | <b>\$ 164,392</b>               | <b>\$ 115,943</b> |

# CU Investment Solutions, Inc.

## Statements of Financial Condition (unaudited)

|                                                                                           | October 31,         |                     | December 31,        |
|-------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
|                                                                                           | 2004                | 2003                | 2003                |
| <b>Assets</b>                                                                             |                     |                     |                     |
| Cash                                                                                      | \$ 335,950          | \$ 899,715          | \$ 1,085,504        |
| Receivables:                                                                              |                     |                     |                     |
| Due from affiliates                                                                       | 1,112,500           | 59,727              | 62,500              |
| Accrued interest                                                                          | 11,919              | 26,913              | 2,097               |
| Customers                                                                                 | 23,079              | 30,686              | 9,956               |
| Total receivables                                                                         | 1,147,498           | 117,326             | 74,553              |
| Securities owned, at fair value                                                           | 2,886,588           | 3,152,597           | 3,091,493           |
| Income taxes receivable                                                                   | 73,532              | 205,303             | 139,624             |
| Other assets                                                                              | 4,904               | 14,017              | 11,847              |
| <b>Total Assets</b>                                                                       | <b>\$ 4,448,472</b> | <b>\$ 4,388,958</b> | <b>\$ 4,403,021</b> |
| <b>Liabilities and Stockholder's Equity</b>                                               |                     |                     |                     |
| Liabilities:                                                                              |                     |                     |                     |
| Due to affiliate                                                                          | \$ 73,930           | 59,655              | 76,818              |
| Payable to customers and broker/dealers                                                   | -                   | -                   | -                   |
| Accounts payable and accrued expenses                                                     | 143,241             | 146,451             | 190,001             |
| Income taxes payable                                                                      | -                   | -                   | -                   |
| Total Liabilities                                                                         | 217,171             | 206,106             | 266,819             |
| Stockholder's Equity                                                                      |                     |                     |                     |
| Common stock, no par value, 2,000 shares authorized,<br>800 shares issued and outstanding | 4,066,909           | 4,066,909           | 4,066,909           |
| Retained earnings (accumulated deficit)                                                   | 164,392             | 115,943             | 69,293              |
| Total Stockholder's Equity                                                                | 4,231,301           | 4,182,852           | 4,136,202           |
| <b>Total Liabilities and Stockholder's Equity</b>                                         | <b>\$ 4,448,472</b> | <b>\$ 4,388,958</b> | <b>\$ 4,403,021</b> |

# CU Investment Solutions, Inc.

## Net Capital Computation (unaudited)

October 31, 2004

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|                                                                                                    |            |                     |
|----------------------------------------------------------------------------------------------------|------------|---------------------|
| Ownership Equity                                                                                   |            | \$ 4,231,301        |
| Non-Allowable Assets                                                                               |            |                     |
| Investments in affiliates                                                                          | 335,950    |                     |
| Accounts receivable, investment advisory fees                                                      | 2,418      |                     |
| Accounts receivable, other                                                                         | 1,128,711  |                     |
| Prepaid expenses                                                                                   | 4,904      |                     |
| Furniture and equipment                                                                            | -          |                     |
| Current and deferred income taxes recoverable                                                      | 73,532     |                     |
| Accrued interest over 30 days                                                                      | 9,168      |                     |
| Other                                                                                              | -          |                     |
|                                                                                                    |            | <u>(1,554,683)</u>  |
| Total Non-Allowable Assets                                                                         |            | (1,554,683)         |
| Deduction for Excess Insurance Deductible                                                          |            | <u>(18,000)</u>     |
| Net Capital Before Haircuts on Securities                                                          |            | 2,658,618           |
| Haircuts on Securities                                                                             |            | <u>(24,679)</u>     |
| Net Regulatory Capital                                                                             |            | 2,633,939           |
| Aggregate Indebtedness                                                                             |            |                     |
| Total liabilities                                                                                  | \$ 217,171 |                     |
| Liabilities excluded from aggregate indebtedness                                                   | -          |                     |
|                                                                                                    |            | <u>217,171</u>      |
| Total Aggregate Indebtedness                                                                       |            | 217,171             |
| Minimum Net Capital Based on Aggregate Indebtedness<br>(Total Aggregate Indebtedness x 6 2/3%)     | \$ 14,478  |                     |
|                                                                                                    |            | <u>14,478</u>       |
| Regulatory Minimum Net Capital<br>(Greater of \$100,000 or 6 2/3% of Total Aggregate Indebtedness) |            | <u>100,000</u>      |
| Excess Net Capital                                                                                 |            | <u>\$ 2,533,939</u> |
| Ratio of Aggregate Indebtedness to Net Capital                                                     |            | <u>0.08 to 1</u>    |

# CU Investment Solutions, Inc.

## Statements of Income and Changes in Retained Earnings (unaudited)

|                                                    | One Month Ended<br>November 30, |                  | Eleven Months Ended<br>November 30, |                  |
|----------------------------------------------------|---------------------------------|------------------|-------------------------------------|------------------|
|                                                    | 2004                            | 2003             | 2004                                | 2003             |
| <b>Revenue</b>                                     |                                 |                  |                                     |                  |
| Client revenue                                     | \$ 130,030                      | \$ 84,294        | \$ 1,446,714                        | \$ 910,245       |
| Consulting service revenue                         | 112,500                         | 62,500           | 1,237,500                           | 687,500          |
| Net income from securities owned                   | 4,709                           | 3,780            | 53,295                              | 47,696           |
| <b>Total Revenue</b>                               | <b>247,239</b>                  | <b>150,574</b>   | <b>2,737,509</b>                    | <b>1,645,441</b> |
| <b>Expenses</b>                                    |                                 |                  |                                     |                  |
| Salaries and benefits                              | 70,399                          | 60,994           | 791,504                             | 658,812          |
| Shared services                                    | 90,776                          | 64,568           | 886,072                             | 700,216          |
| Conference and marketing                           | -                               | -                | 197,655                             | 193,038          |
| Professional and outside services                  | 67,920                          | 39,629           | 592,254                             | 268,884          |
| Travel                                             | 5,897                           | 6,816            | 52,113                              | 62,617           |
| Office occupancy and administration                | 914                             | 921              | 13,326                              | 18,426           |
| Data processing                                    | 339                             | 328              | 8,531                               | 4,389            |
| Other                                              | 1,712                           | 15,101           | 25,581                              | 33,434           |
| <b>Total Expenses</b>                              | <b>237,957</b>                  | <b>188,357</b>   | <b>2,567,036</b>                    | <b>1,939,816</b> |
| <b>Net Income (Loss) Before Income Taxes</b>       | <b>9,282</b>                    | <b>(37,783)</b>  | <b>170,473</b>                      | <b>(294,375)</b> |
| <b>Income Tax Expense (Benefit)</b>                |                                 |                  |                                     |                  |
| Current                                            | -                               | -                | -                                   | -                |
| Deferred                                           | 4,179                           | (14,126)         | 70,271                              | (109,701)        |
| <b>Total Income Tax Expense (Benefit)</b>          | <b>4,179</b>                    | <b>(14,126)</b>  | <b>70,271</b>                       | <b>(109,701)</b> |
| <b>Net Income (Loss)</b>                           | <b>5,103</b>                    | <b>(23,657)</b>  | <b>100,202</b>                      | <b>(184,674)</b> |
| <b>Retained Earnings - Beginning of the Period</b> | <b>164,392</b>                  | <b>115,943</b>   | <b>69,293</b>                       | <b>276,960</b>   |
| <b>Retained Earnings - End of the Period</b>       | <b>\$ 169,495</b>               | <b>\$ 92,286</b> | <b>\$ 169,495</b>                   | <b>\$ 92,286</b> |

# CU Investment Solutions, Inc.

## Statements of Financial Condition (unaudited)

|                                                                                           | November 30,        |                     | December 31,        |
|-------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
|                                                                                           | 2004                | 2003                | 2003                |
| <b>Assets</b>                                                                             |                     |                     |                     |
| Cash                                                                                      | \$ 1,424,824        | \$ 1,986,446        | \$ 1,085,504        |
| Receivables:                                                                              |                     |                     |                     |
| Due from affiliates                                                                       | 112,500             | 62,500              | 62,500              |
| Accrued interest                                                                          | 14,670              | 1,018               | 2,097               |
| Customers                                                                                 | 73,579              | 25,136              | 9,956               |
| Total receivables                                                                         | 200,749             | 88,654              | 74,553              |
| Securities owned, at fair value                                                           | 2,811,877           | 3,089,584           | 3,091,493           |
| Income taxes receivable                                                                   | 69,353              | 125,326             | 139,624             |
| Other assets                                                                              | 4,279               | 13,187              | 11,847              |
| <b>Total Assets</b>                                                                       | <b>\$ 4,511,082</b> | <b>\$ 5,303,197</b> | <b>\$ 4,403,021</b> |
| <b>Liabilities and Stockholder's Equity</b>                                               |                     |                     |                     |
| Liabilities:                                                                              |                     |                     |                     |
| Due to affiliate                                                                          | \$ 89,478           | 61,678              | 76,818              |
| Payable to customers and broker/dealers                                                   | -                   | -                   | -                   |
| Accounts payable and accrued expenses                                                     | 185,200             | 1,082,324           | 190,001             |
| Income taxes payable                                                                      | -                   | -                   | -                   |
| Total Liabilities                                                                         | 274,678             | 1,144,002           | 266,819             |
| Stockholder's Equity                                                                      |                     |                     |                     |
| Common stock, no par value, 2,000 shares authorized,<br>800 shares issued and outstanding | 4,066,909           | 4,066,909           | 4,066,909           |
| Retained earnings (accumulated deficit)                                                   | 169,495             | 92,286              | 69,293              |
| Total Stockholder's Equity                                                                | 4,236,404           | 4,159,195           | 4,136,202           |
| <b>Total Liabilities and Stockholder's Equity</b>                                         | <b>\$ 4,511,082</b> | <b>\$ 5,303,197</b> | <b>\$ 4,403,021</b> |



# CU Investment Solutions, Inc.

## Net Capital Computation (unaudited)

November 30, 2004

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|                                                                                                    |            |                     |
|----------------------------------------------------------------------------------------------------|------------|---------------------|
| Ownership Equity                                                                                   |            | \$ 4,236,404        |
| Non-Allowable Assets                                                                               |            |                     |
| Investments in affiliates                                                                          | 1,424,824  |                     |
| Accounts receivable, investment advisory fees                                                      | 3,418      |                     |
| Accounts receivable, other                                                                         | 128,711    |                     |
| Prepaid expenses                                                                                   | 4,279      |                     |
| Furniture and equipment                                                                            | -          |                     |
| Current and deferred income taxes recoverable                                                      | 69,353     |                     |
| Accrued interest over 30 days                                                                      | 11,919     |                     |
| Other                                                                                              | -          |                     |
|                                                                                                    |            | <u>(1,642,504)</u>  |
| Total Non-Allowable Assets                                                                         |            | (1,642,504)         |
| Deduction for Excess Insurance Deductible                                                          |            | <u>(18,000)</u>     |
| Net Capital Before Haircuts on Securities                                                          |            | 2,575,900           |
| Haircuts on Securities                                                                             |            | <u>(24,589)</u>     |
| Net Regulatory Capital                                                                             |            | 2,551,311           |
| Aggregate Indebtedness                                                                             |            |                     |
| Total liabilities                                                                                  | \$ 274,678 |                     |
| Liabilities excluded from aggregate indebtedness                                                   | -          |                     |
|                                                                                                    |            | <u>274,678</u>      |
| Total Aggregate Indebtedness                                                                       |            | 274,678             |
| Minimum Net Capital Based on Aggregate Indebtedness<br>(Total Aggregate Indebtedness x 6 2/3%)     | \$ 18,312  |                     |
| Regulatory Minimum Net Capital<br>(Greater of \$100,000 or 6 2/3% of Total Aggregate Indebtedness) |            | <u>100,000</u>      |
| Excess Net Capital                                                                                 |            | <u>\$ 2,451,311</u> |
| Ratio of Aggregate Indebtedness to Net Capital                                                     |            | <u>0.11 to 1</u>    |

# CU Investment Solutions, Inc.

## Statements of Income and Changes in Retained Earnings (unaudited)

|                                                    | One Month Ended<br>December 31, |                  | Year Ended<br>December 31, |                  |
|----------------------------------------------------|---------------------------------|------------------|----------------------------|------------------|
|                                                    | 2004                            | 2003             | 2004                       | 2003             |
| <b>Revenue</b>                                     |                                 |                  |                            |                  |
| Client revenue                                     | \$ 55,859                       | \$ 129,134       | \$ 1,502,573               | \$ 1,039,379     |
| Consulting service revenue                         | 112,500                         | 62,500           | 1,350,000                  | 750,000          |
| Net income from securities owned                   | 6,918                           | 6,150            | 60,213                     | 53,846           |
| <b>Total Revenue</b>                               | <b>175,277</b>                  | <b>197,784</b>   | <b>2,912,786</b>           | <b>1,843,225</b> |
| <b>Expenses</b>                                    |                                 |                  |                            |                  |
| Salaries and benefits                              | 81,689                          | 79,324           | 873,193                    | 738,136          |
| Shared services                                    | 75,510                          | 80,099           | 961,582                    | 780,315          |
| Conference and marketing                           | 3,588                           | 20               | 201,243                    | 193,058          |
| Professional and outside services                  | 10,777                          | 67,143           | 603,031                    | 336,027          |
| Travel                                             | 8,516                           | 4,860            | 60,629                     | 67,477           |
| Office occupancy and administration                | 963                             | 1,697            | 14,289                     | 20,123           |
| Data processing                                    | 338                             | 318              | 8,869                      | 4,707            |
| Other                                              | 15,730                          | 1,615            | 41,311                     | 35,048           |
| <b>Total Expenses</b>                              | <b>197,111</b>                  | <b>235,076</b>   | <b>2,764,147</b>           | <b>2,174,891</b> |
| <b>Net Income (Loss) Before Income Taxes</b>       | <b>(21,834)</b>                 | <b>(37,292)</b>  | <b>148,639</b>             | <b>(331,666)</b> |
| <b>Income Tax Expense (Benefit)</b>                |                                 |                  |                            |                  |
| Current                                            | -                               | -                | -                          | -                |
| Deferred                                           | (6,503)                         | (14,299)         | 63,768                     | (123,999)        |
| <b>Total Income Tax Expense (Benefit)</b>          | <b>(6,503)</b>                  | <b>(14,299)</b>  | <b>63,768</b>              | <b>(123,999)</b> |
| <b>Net Income (Loss)</b>                           | <b>(15,331)</b>                 | <b>(22,993)</b>  | <b>84,871</b>              | <b>(207,667)</b> |
| <b>Retained Earnings - Beginning of the Period</b> | <b>169,495</b>                  | <b>92,286</b>    | <b>69,293</b>              | <b>276,960</b>   |
| <b>Retained Earnings - End of the Period</b>       | <b>\$ 154,164</b>               | <b>\$ 69,293</b> | <b>\$ 154,164</b>          | <b>\$ 69,293</b> |

# CU Investment Solutions, Inc.

## Statements of Financial Condition (unaudited)

|                                                                                           | <u>December 31,</u><br>2004 | <u>December 31,</u><br>2003 |
|-------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>Assets</b>                                                                             |                             |                             |
| Cash                                                                                      | \$ 982,013                  | \$ 1,085,504                |
| Receivables:                                                                              |                             |                             |
| Due from affiliates                                                                       | 112,500                     | 62,500                      |
| Accrued interest                                                                          | 917                         | 2,097                       |
| Customers                                                                                 | <u>7,442</u>                | <u>9,956</u>                |
| Total receivables                                                                         | 120,859                     | 74,553                      |
| Securities owned, at fair value                                                           | 3,312,456                   | 3,091,493                   |
| Income taxes receivable                                                                   | 75,857                      | 139,624                     |
| Other assets                                                                              | <u>3,963</u>                | <u>11,847</u>               |
| <b>Total Assets</b>                                                                       | <u>\$ 4,495,148</u>         | <u>\$ 4,403,021</u>         |
| <br>                                                                                      |                             |                             |
| <b>Liabilities and Stockholder's Equity</b>                                               |                             |                             |
| Liabilities:                                                                              |                             |                             |
| Due to affiliate                                                                          | \$ 73,742                   | 76,818                      |
| Payable to customers and broker/dealers                                                   | -                           | -                           |
| Accounts payable and accrued expenses                                                     | 200,333                     | 190,001                     |
| Income taxes payable                                                                      | <u>-</u>                    | <u>-</u>                    |
| Total Liabilities                                                                         | 274,075                     | 266,819                     |
| <br>                                                                                      |                             |                             |
| Stockholder's Equity                                                                      |                             |                             |
| Common stock, no par value, 2,000 shares authorized,<br>800 shares issued and outstanding | 4,066,909                   | 4,066,909                   |
| Retained earnings (accumulated deficit)                                                   | <u>154,164</u>              | <u>69,293</u>               |
| Total Stockholder's Equity                                                                | <u>4,221,073</u>            | <u>4,136,202</u>            |
| <b>Total Liabilities and Stockholder's Equity</b>                                         | <u>\$ 4,495,148</u>         | <u>\$ 4,403,021</u>         |

# CU Investment Solutions, Inc.

## Net Capital Computation (unaudited)

December 31, 2004

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|                                                                                                    |            |                          |
|----------------------------------------------------------------------------------------------------|------------|--------------------------|
| Ownership Equity                                                                                   |            | \$ 4,221,073             |
| Non-Allowable Assets                                                                               |            |                          |
| Investments in affiliates                                                                          | 982,013    |                          |
| Accounts receivable, investment advisory fees                                                      | 3,418      |                          |
| Accounts receivable, other                                                                         | 113,462    |                          |
| Prepaid expenses                                                                                   | 3,963      |                          |
| Furniture and equipment                                                                            | -          |                          |
| Current and deferred income taxes recoverable                                                      | 75,857     |                          |
| Accrued interest over 30 days                                                                      | -          |                          |
| Other                                                                                              | -          |                          |
|                                                                                                    |            | <hr/>                    |
| Total Non-Allowable Assets                                                                         |            | (1,178,713)              |
| Deduction for Excess Insurance Deductible                                                          |            | <hr/> (18,000)           |
| Net Capital Before Haircuts on Securities                                                          |            | 3,024,360                |
| Haircuts on Securities                                                                             |            | <hr/> (16,339)           |
| Net Regulatory Capital                                                                             |            | 3,008,021                |
| Aggregate Indebtedness                                                                             |            |                          |
| Total liabilities                                                                                  | \$ 274,075 |                          |
| Liabilities excluded from aggregate indebtedness                                                   | -          |                          |
|                                                                                                    |            | <hr/>                    |
| Total Aggregate Indebtedness                                                                       | 274,075    |                          |
| Minimum Net Capital Based on Aggregate Indebtedness<br>(Total Aggregate Indebtedness x 6 2/3%)     | \$ 18,272  |                          |
| Regulatory Minimum Net Capital<br>(Greater of \$100,000 or 6 2/3% of Total Aggregate Indebtedness) |            | <hr/> 100,000            |
| Excess Net Capital                                                                                 |            | <hr/> <hr/> \$ 2,908,021 |
| Ratio of Aggregate Indebtedness to Net Capital                                                     |            | <hr/> <hr/> 0.09 to 1    |