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

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MAY 25 2010

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5

Washington, DC  
110

REPORT FOR THE PERIOD BEGINNING

01/01/2009

AND ENDING

12/31/2009

MM/DD/YY

MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

Xnergy Financial LLC

OFFICIAL USE ONLY

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

425 E 58<sup>th</sup> St Suite 16C

FIRM I.D. NO.

(No. and Street)

New York

NY

10022

(City)

(State)

(Zip Code)

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

Paul J Bloom

917 207 5447

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

KBL, LLP

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

110 Wall Street, 11<sup>th</sup> Floor

New York

NY

10005

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**FOR OFFICIAL USE ONLY**

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

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Paul I Bloom, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Energy Financial LLC, as of Dec 31, 2009, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Paul I Bloom  
Signature  
CEO  
Title

[Signature]  
Notary Public

YASMIN ISHMAEL  
Notary Public, State of New York  
No. 011S6152854  
Qualified in Queens County  
Commission Expires Sept 25 2010

This report \*\* contains (check all applicable boxes): 08/24/10

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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

**XENERGY FINANCIAL, LLC  
(A WHOLLY OWNED SUBSIDIARY OF XENERGY, LLC)  
AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED  
DECEMBER 31, 2009**

## Contents

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<b>Auditors' Report</b>	1
<b>Financial statements</b>	
Statement of Financial Condition	2
Statement of Operations	3
Statement of Changes in Member Capital	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-7
<b>Supplementary information</b>	
Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission	8
Computation for Determination of Reserve Requirements for Broker/Dealer Under Rule 15c3-3 of the Securities and Exchange Commission	9
Information Relating to Possession or Control Requirements Under Rule 15c3-3	10
Independent Auditors' Report on Internal Control	11-12



## Auditors' report

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To the Member  
Xnergy Financial, LLC  
New York, New York

We have audited the accompanying financial condition of Xnergy Financial, LLC as of December 31, 2009, and the related statements of operations, changes in member capital, and cash flows, for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Xnergy Financial, LLC as of December 31, 2009 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Schedule of Computation of Net Capital for Broker Dealers Pursuant to Rule 15c3-1, and the Reconciliation to the Computation of Net Capital Included in Part IIA of Form X-17A-5, and the Schedule of Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3 are presented for purposes of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***KBL, LLP***

KBL, LLP  
Certified Public Accountants and Advisors

February 8, 2010

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**XENERGY FINANCIAL, LLC  
(A WHOLLY OWNED SUBSIDIARY OF XENERGY, LLC)  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2009**

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	Assets		
Cash		\$	9,532
<b>Total assets</b>		<b>\$</b>	<b>9,532</b>

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**Liabilities and Member Capital**

**Liabilities**

Accounts and accrued expenses payable		\$	987
<b>Total liabilities</b>			<b>987</b>
<hr/>			
Member capital			8,545
<b>Total liabilities and member capital</b>		<b>\$</b>	<b>9,532</b>

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*See auditors' report and the accompanying notes to the financial statements.*

**XENERGY FINANCIAL, LLC**  
**(A WHOLLY OWNED SUBSIDIARY OF XENERGY, LLC)**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2009**

Revenue	\$ 128,513
<hr/>	
<b>Operating expenses</b>	
Professional fees	24,549
Business license fees	6,346
Repairs and maintenance	1,011
Miscellaneous	815
Bank charges	340
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<b>Total operating expenses</b>	<b>33,061</b>
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<b>Net income</b>	<b>\$ 95,452</b>

*See auditors' report and the accompanying notes to the financial statements.*

**XENERGY FINANCIAL, LLC**  
**(A WHOLLY OWNED SUBSIDIARY OF XENERGY, LLC)**  
**STATEMENT OF CHANGES IN MEMBER CAPITAL**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2009**

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Member's capital, beginning	\$	8,893
Net income		95,452
Capital contributions		1,500
Member distributions		(97,300)
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<b>Member's capital, December 31, 2009</b>	<b>\$</b>	<b>8,545</b>

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*See auditors' report and the accompanying notes to the financial statements.*



**XENERGY FINANCIAL, LLC**  
**(A WHOLLY OWNED SUBSIDIARY OF XENERGY, LLC)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2009**

<b>Cash flows from operating activities</b>	
Net income	\$ 95,452
Changes in operating assets and liabilities:	
Increase in accounts payable	987
<b>Net cash provided by operating activities</b>	<b>96,439</b>
<b>Cash flows from financing activities</b>	
Capital contributions	1,500
Member distributions	(97,300)
<b>Net cash used by financing activities</b>	<b>(95,800)</b>
<b>Increase in cash and cash equivalents</b>	<b>639</b>
Cash and cash equivalents, beginning of year	8,893
<b>Cash and cash equivalents, end of year</b>	<b>\$ 9,532</b>

**Supplementary disclosures of cash flow information**

Cash paid during the year for:	
Income taxes	\$ -
Interest expense	-

*See auditors' report and the accompanying notes to the financial statements.*

**XENERGY FINANCIAL, LLC**  
**(A WHOLLY OWNED SUBSIDIARY OF XENERGY, LLC)**  
**NOTES TO THE FINANCIAL STATEMENTS**

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*Organization*

Xnergy Financial, LLC (“the Company”) is registered as a broker and dealer in securities pursuant to Section 15 (b) of the Securities and Exchange Act of 1934. The Company’s primary focus is on raising capital for emerging businesses.

Xnergy Financial Corporation was formed in November 2006 in the State of California. At the end of 2007 the assets and liabilities of Xnergy Financial Corporation were transferred to Xnergy Financial, LLC as part of a conversion (the “Conversion”) of Xnergy Financial Corporation into a Limited Liability Company. Before the Conversion, Xnergy Financial Corporation was 100% owned by Xnergy, LLC.

Xnergy Financial, LLC is 100% owned by Xnergy, LLC.

*Cash and cash equivalents*

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents are carried at cost, which approximates market value.

*Accounting basis*

The Company uses the accrual basis of accounting for financial statement and income tax reporting. Accordingly, revenues are recognized when services are rendered and expenses realized when the obligation is incurred.

*Income taxes*

The Company is treated as a disregarded entity for federal and state income tax reporting purpose and, thus no federal or state income tax expense has been recorded in the financial statements. The net income (loss) of the Company is passed through to its sole member, Xnergy, LLC, and reported on their individual tax return.

*Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results may differ from these estimates.

*See auditors’ report.*

**XENERGY FINANCIAL, LLC**  
**(A WHOLLY OWNED SUBSIDIARY OF XENERGY, LLC)**  
**NOTES TO THE FINANCIAL STATEMENTS**

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*NOTE 1 – RELATED PARTY TRANSACTIONS*

Operating facilities

The Company is 100% owned by Xenergy, LLC and uses its office space and other office resources. The Company is not charged for the use of these facilities.

Administrative costs

All administrative expenses are paid by Xenergy, LLC.

**XENERGY FINANCIAL, LLC**  
**(A WHOLLY OWNED SUBSIDIARY OF XENERGY, LLC)**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1 OF THE**  
**SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2009**

<b>Net capital</b>	
Total equity capital	\$ 8,545
Liabilities subordinated to claims of general creditors allowable in computation of net capital	
Non-allowable assets	-
<b>Net capital before haircuts and undue concentration on securities positions</b>	
	<b>8,545</b>
Haircuts and undue concentration on securities positions	-
	<b>\$ 8,545</b>
<b>Aggregate indebtedness</b>	
Items included in the statement of financial condition:	
Accrued expenses and other liabilities	\$ 987
	<b>\$ 987</b>
Ratio: aggregate indebtedness to net capital	.12 to 1
<b>Computation of basis net capital requirement</b>	
Minimum net capital required	\$ 5,000
Excess net capital at 100%	\$ 3,545
<b>Reconciliation of December 31, 2009 audited computation of net capital and Company's unaudited December 31, 2009 Part IIA filing.</b>	
Unaudited December 31, 2009 net capital per December 31, 2009 Part IIA filing	\$ 8,545
Audit adjustments	-
<b>Net capital</b>	<b>\$ 8,545</b>

There were no material differences existed between the audited computation of net capital and Company's unaudited reconciliation of December 31, 2009 Part IIA filing.

*See auditors' report and the accompanying notes to the financial statements.*

**XENERGY FINANCIAL, LLC  
(A WHOLLY OWNED SUBSIDIARY OF XENERGY, LLC)  
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
FOR BROKER/DEALER UNDER RULE 15C3-3 OF THE SECURITIES  
EXCHANGE ACT OF 1934  
DECEMBER 31, 2009**

The company is exempt from SEC rule 15c3-3 pursuant to the exemptive provisions under sub-paragraph (k)(2)(i) and, therefore, is not required to maintain a “Special Reserve Bank Account for the Exclusive Benefit of Customers.”

*See auditors’ report, and the accompanying notes to the financial statements.*

**XENERGY FINANCIAL, LLC**  
**(A WHOLLY OWNED SUBSIDIARY OF XENERGY, LLC)**  
**INFORMATION RELATING TO POSSESSION OR CONTROL**  
**REQUIREMENTS UNDER RULE 15c3-3**  
**DECEMBER 31, 2009**

The company had no items reportable as customers' fully paid securities: (1) not in the Company's possession or control as of the audit date (for which instructions to reduce to possession or control had been issued as of the audit date) but for which the required action was not taken by the Company within the time frames specified under Rule 15c3-3 or (2) for which instructions to reduce to possession or control had not been issued as of the audit date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.

*See auditors' report, and the accompanying notes to the financial statements.*



## Independent Auditors' Report on Internal Control

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To the Member  
Xnergy Financial, LLC  
Fairport, New York

In planning and performing our audit of the financial statements and supplemental schedules of Xnergy Financial, LLC (the Company), for the year ended December 31, 2009, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

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

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

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in

11



## Independent Auditors' Report on Internal Control

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accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph. Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities that we consider to be material weaknesses as defined above. We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2009 to meet the SEC's objectives. This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers (NASD) and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

***KBL, LLP***

KBL, LLP  
Certified Public Accountants and Advisors

February 8, 2010

12