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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

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

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FACING PAGE  
Information Required of Brokers and Dealers Pursuant to §17 of the Securities Exchange Act of 1934 and  
Rule 17a-5 There under

REPORT FOR THE PERIOD BEGINNING 01/01/09 AND ENDING 12/31/09.  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

GRAND CAPITAL CORPORATION

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (do not use PO Box No.)

115 West 45<sup>th</sup> Street Suite 602  
Street Address

New York, New York 10036  
City State Zip Code

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

Eli Homnick (212) 246-7688  
Name Telephone

B. ACCOUNTANT IDENTIFICATION

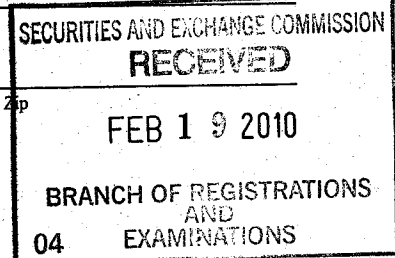
INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Richard G. Baccari, CPA  
Name of individual (first, middle, last)

10 Mitchell Place, Suite 202 White Plains, New York 10601  
Address City State Zip

Check One:

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



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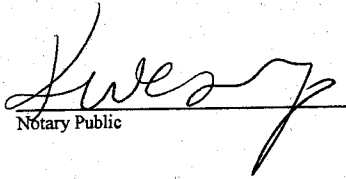
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2). SEC 142C(3-91)

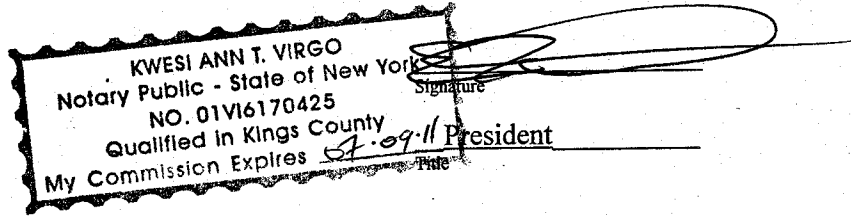
Handwritten initials and date: 3/5/2010

OATH OR AFFIRMATION

I, Eliezer Homnick, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Grand Capital Corporation, as of December 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
Notary Public



This report\*\* contains (check all applicable boxes):

- (a) Facing page
- (b) Statement of Financial Condition
- (c) Statement of Income (Loss)
- (d) Statement of Changes in Financial Condition – CASH FLOWS
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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 15c-3-1 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).

# **RICHARD G. BACCARI & COMPANY, LLP**

**CERTIFIED PUBLIC ACCOUNTANTS**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Grand Capital Corporation:

We have audited the accompanying statement of financial condition of Grand Capital Corporation (the "Company") as of December 31, 2009 and the related statements of income and expense, changes in stockholder's equity, changes in liabilities subordinated to claims of general creditors, 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

*Richard G. Baccari & Co LLP*

White Plains, New York

February 10, 2010

# GRAND CAPITAL CORPORATION

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**GRAND CAPITAL CORPORATION**  
**STATEMENT OF FINANCIAL CONDITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**ASSETS**

Current Assets:

Cash	\$ 79,760
Petty Cash	500
Prepaid Expenses	6,751
Commissions Receivable	31,369
Good Faith Deposit Account	25,000
Total Current Assets	143,380
Total Assets	\$ 143,380

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Current Liabilities:

Accrued Expenses	\$ 70,362
Total Current Liabilities	70,362

Stockholder's Equity:

Common Stock, no par value:	
authorized 200 shares; issued and outstanding 100 shares	100
Additional Paid-In Capital	76,900
Retained Earnings	(3,982)
Total Stockholder's Equity	73,018

Total Liabilities and Stockholder's Equity	\$ 143,380
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GRAND CAPITAL CORPORATION  
STATEMENT OF INCOME AND EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2009

Revenues:

Commissions	\$ 422,945
Other Income	<u>149,745</u>
Total Revenues	572,690

Expenses:

Compensation - Office	235,002
Regulatory Fees	28,267
Administrative Expenses	<u>343,248</u>
Total Expenses	<u>606,517</u>

Net (Loss) \$ (33,827)

**GRAND CAPITAL CORPORATION**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

Stockholder's Equity, January 1, 2009	\$ 106,845
Net (Loss)	<u>(33,827)</u>
Stockholder's Equity, December 31, 2009	<u><u>\$ 73,018</u></u>

**STATEMENT OF CHANGES IN LIABILITIES**  
**SUBORDINATED TO CLAIMS OF GENERAL CREDITORS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

Balance, January 1, 2009	-
Increase and (Decreases)	<u>-</u>
Balance, December 31, 2009	<u><u>-</u></u>

**GRAND CAPITAL CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

Cash Flows from Operating Activities:

Net (Loss) \$ (33,827)

Adjustments to reconcile net (loss) to net cash (used) in operating activities:

(Increase) in Prepaid Expenses	(6,751)
(Increase) in Commission Receivable	(1,521)
Decrease in Good Faith Deposit Accounts	1,873
Decrease in Investments in Equity Securities	600
Increase in Accrued Expenses	<u>30,246</u>
Net adjustment	24,447

Net cash (used) in operating activities (9,380)

Cash Flows from Financing Activities:

Distributions to Shareholder	-
Contributions by Shareholder	<u>-</u>
Net cash (used) in financing activities	-

Net (decrease) in cash and cash equivalents (9,380)

Cash - beginning of year 89,140

Cash - end of year \$ 79,760

Cash paid during the year for:

Interest	\$ -
Taxes	\$ -



**GRAND CAPITAL CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**NOTE 1- ORGANIZATION:**

Grand Capital Corporation (the "Company"), a New York corporation, was incorporated on March 23, 1995 for the purpose of acting as selling agent of securities on behalf of its customers. The Company is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and the National Association of Securities Dealers, Inc. ("NASD") whose successor organization is the Financial Industry Regulatory Authority ("FINRA").

The Company opened a branch office in Israel in 2006 which engages in the same activity as the New York office. All activity related to the branch office has been included in the financial statements.

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Estimates:

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

Revenue and Expense Recognition:

The Company prepares its financial statements on an accrual basis. Accordingly, expenses are recorded when incurred, and revenues are recognized when earned.

Cash and Cash Equivalents:

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company maintains their cash and cash equivalents in highly rated financial institutions located primarily in the New York City metropolitan area.

Income Taxes:

As of January 1, 1996, the Company elected to be taxed under subchapter S of the Internal Revenue Code. The net income of the corporation is therefore not subject to corporate income tax, but rather it is passed through to the shareholders, and tax is then incurred at the individual level. New York City does not recognize the subchapter S election therefore the Company is subject to corporate income taxes on the income allocated to New York City.

**GRAND CAPITAL CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2009**

**NOTE 3- CASH, CASH EQUIVALENTS, AND CONCENTRATION OF CREDIT RISK:**

The statement of cash flows classifies changes in cash and cash equivalents (short-term highly liquid investments convertible into cash with an original maturity of three months or less) according to operating, investing, or financing activities.

Financial instruments, which potentially expose the Company to concentrations of credit risk, consist principally of cash and commissions receivable.

The Company places its cash with financial institutions which management considers are of high quality; however, at times such deposits may be in excess of the Federal Deposit Insurance Corporation insurance limit. There were no deposits in excess of FDIC limits as of December 31, 2009.

**NOTE 4- COMMISSIONS RECEIVABLE:**

Commission receivable represents monies due to the Company from its clearing broker for sales of securities on behalf of customers. Commission receivable is \$31,369 as of December 31, 2009. The entire receivable was collected in January 2010.

**NOTE 5- REGULATORY COMPLIANCE:**

The Company is exempt from Rule 15c3-3 pursuant to subparagraph (k)(2)(i). The Company is subject to Rule 15c3-1 under the Securities Exchange Act of 1934 ("Net Capital Rule"), which requires its net capital to be at least \$50,000, and its aggregate indebtedness be less than 15 to 1. As of December 31, 2009, the Company's net capital was \$65,767 which exceeded its effective requirement of \$50,000 by \$15,767.

There are no differences between the net capital computation included in the financial statements and the computation in form X-17A-5 Part II.

**NOTE 6- RELATED PARTY TRANSACTIONS:**

The Company currently subleases office space from G.C.C. Inc., a related party on a month-to-month basis for the New York office and the Israel office. There is no operating lease in place as of December 31, 2009, however, the Company intends on continuing its relationship for the foreseeable future. Rent expense for the year ended December 31, 2009 is \$108,922.

**GRAND CAPITAL CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2009**

**NOTE 7 - CONTINGENCIES:**

During 2008, FINRA commenced an investigation into the Company's written supervisory procedures. The Company has cooperated with FINRA's investigation by providing documentation and other information. FINRA has not filed proceedings against the Company however the Company could be subject to sanctions and monetary fines. Management as well as legal counsel is not able to predict the outcome of the investigation nor can the liability be determined or reasonably estimated.

**GRAND CAPITAL CORPORATION**  
**SCHEDULE I - COMPUTATION OF NET CAPITAL**  
**DECEMBER 31, 2009**

Common Stock	\$	100
Additional Paid in Capital		76,900
Retained Earnings		<u>(3,982)</u>
Total Stockholder's Equity		73,018
Less: Non-Allowable Assets		<u>(7,251)</u>
Net Capital		<u>\$ 65,767</u>
Less the Greater of:		
Minimum Dollar Net Capital Required	<u>50,000</u>	
or		
Minimum Net Capital Required: (6 2/3% of Aggregate Indebtedness \$70,362)	<u>4,691</u>	<u>50,000</u>
Excess Net Capital		<u>\$ 15,767</u>

**GRAND CAPITAL CORPORATION**  
**SCHEDULE II - AGGREGATE INDEBTEDNESS**  
**DECEMBER 31, 2009**

Accrued Expenses		<u>\$ 70,362</u>
Percentage of Aggregate Indebtedness to Net Capital		<u>107%</u>

**GRAND CAPITAL CORPORATION**  
**SCHEDULE III - SCHEDULE OF NON ALLOWABLE ASSETS**  
**DECEMBER 31, 2009**

Petty cash		\$ 500
Prepaid Expenses		6,751
		<u>\$ 7,251</u>

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## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL**

Board of Directors  
Grand Capital Corporation:

In planning and performing our audit of the financial statements of Grand Capital Corporation (the Company), as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (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 and recordation of differences required by rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

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

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

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

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

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

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

Richard G. Baccari } Co LLP  
White Plains, New York  
February 10, 2010

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## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES RELATED TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION**

Board of Directors  
Grand Capital Corporation:

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [Transitional Assessment Reconciliation (Form SIPC-7T)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2009, which were agreed to by Grand Capital Corp. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Grand Capital Corp.'s compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7T). Grand Capital Corp.'s management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7T with respective cash disbursement records entries [General Ledger] noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2009, as applicable, with the amounts reported in Form SIPC-7T for the year ended December 31, 2009 noting no differences;
3. Proved the arithmetical accuracy of the calculations reflected in Form SIPC 7-T and in the related schedules and working papers [general ledger] supporting the adjustments noting no differences; and
4. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7T on which it was originally computed noting no differences [if applicable].

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

**RICHARD G. BACCARI & COMPANY, LLP**

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This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

*Richard G. Baccari & Co. LLP*

White Plains, New York  
February 10, 2010