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

CM

FACING PAGE

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

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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER DEALER:

ENGEL & PARTNERS INC.

OFFICIAL USE ONLY  
FIRM ID. NO.

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

300 ALBANY STREET, SUITE 5J

(No. And Street)

NEW YORK,  
(City)

NY  
(State)

10280-1406  
(Zip Code)

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

JUDITH A. ENGEL

(212) 945-0152  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

FULVIO & ASSOCIATES, LLP

ATTN: JOHN FULVIO, CPA  
(Name - if individual state last, first, middle name)

5 West 37<sup>th</sup> Street, 4<sup>th</sup> Floor  
(Address)

NEW YORK  
(City)

NY  
(State)

10018  
(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of it 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 basis for the exemption. See section 240.17a-5(e)(2)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

STATE OF NEW YORK  
CITY OF NEW YORK  
JUDITH ENGEL  
SUBSCRIBED AND SWORN  
BEFORE ME ON 9 DAY OF FEBRUARY 2010

OATH OR AFFIRMATION

I, JUDITH A. ENGEL, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ENGEL & PARTNERS INC., 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:

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

Judith A. Engel  
Signature  
PRESIDENT & DIRECTOR  
Title

John Karras  
Notary Public

JOHN KARRAS  
NOTARY PUBLIC, STATE OF NEW YORK  
QUALIFIED IN NEW YORK COUNTY  
LIC. # 01KAG081310  
COMMISSION EXPIRES OCT. 7, 2010

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of 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 15c3-1 and the Computation or 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 previous audit.
- (o) Supplemental independent Auditors Report on Internal Accounting Control.

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

FULVIO & ASSOCIATES, L.L.P.

*Certified Public Accountants*

5 West 37th Street  
4th Floor  
New York, New York 10018  
TEL: 212-490-3113  
FAX: 212-986-3679  
www.fulviollp.com

INDEPENDENT AUDITORS' REPORT


To the Stockholder of  
Engel & Partners Inc.

We have audited the accompanying statement of financial condition of Engel & Partners Inc. (the "Company") as of December 31, 2009, and the related statements of income, changes in stockholder's equity and cash flows for the year ended then ended. 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 position of Engel & Partners Inc. 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 audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 9 and 10 is presented for purposes of additional analysis and is not required as part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in our 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 and in conformity with the rules of the Securities and Exchange Commission.



New York, New York  
February 14, 2010

ENGEL & PARTNERS INC.  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2009

A S S E T S

Cash	\$ 17,890
Prepaid Expenses	6,014
Furniture and equipment (net of accumulated depreciation of \$15,061)	<u>1,433</u>
TOTAL ASSETS	<u>\$ 25,337</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:

Accrued Expenses	<u>\$ 10,326</u>
Total Liabilities	<u>10,326</u>

Stockholder's Equity:

Common stock, \$1 par value: authorized 1000 shares; issued and outstanding 100 shares	100
Additional paid in capital	72,089
Accumulated deficit	<u>(57,178)</u>
Total Stockholder's Equity	<u>15,011</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 25,337</u>

The accompanying notes are an integral part of these financial statements.

ENGEL & PARTNERS INC.  
STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2009

Revenues:

Advisory Fees	\$ 229,500
Interest Income	<u>6</u>
TOTAL REVENUE	<u>229,506</u>

Expenses:

Professional Fees	90,415
Depreciation	956
Telephone	2,889
Storage	4,108
Office Expense	14,173
Insurance	15,801
Rent	<u>31,939</u>
Total Expenses	<u>160,281</u>
Net income before provision for income taxes	69,225
Provision for income taxes	<u>6,559</u>
NET INCOME	<u>\$ 62,666</u>

The accompanying notes are an integral part of these financial statements.

ENGEL & PARTNERS INC.  
 STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
Balance, December 31, 2008	100	\$ 100	\$ 70,589	\$ (45,595)	\$ 25,094
Contributions			1,500		1,500
Distributions				(74,249)	(74,249)
Net Income	<u>      </u>	<u>      </u>	<u>      </u>	<u>62,666</u>	<u>62,666</u>
Balance, December 31, 2009	<u>100</u>	<u>\$ 100</u>	<u>\$ 72,089</u>	<u>\$ (57,178)</u>	<u>\$ 15,011</u>

The accompanying notes are an integral part of these financial statements.

ENGEL & PARTNERS INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009

Cash Flows from Operating Activities:

Net Income	\$ 62,666
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Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:

Depreciation	\$ 956	
Decrease in Prepaid Taxes	3,650	
Increase in Prepaid Expenses	(280)	
Increase in Accrual Expenses	<u>1,826</u>	

Total Adjustments	<u>6,152</u>
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Net Cash Provided by Operating Activities	<u>68,818</u>
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Cash Flows from Financing Activities:

Contributions	1,500
---------------	-------

Distributions	<u>(74,249)</u>
---------------	-----------------

Net Cash used in Financing Activities	<u>(72,749)</u>
---------------------------------------	-----------------

Net Decrease in Cash	(3,931)
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Cash at December 31, 2008	<u>21,821</u>
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Cash at December 31, 2009	<u>\$ 17,890</u>
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The accompanying notes are an integral part of these financial statements.

ENGEL & PARTNERS INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009

NOTE 1. ORGANIZATION AND OPERATIONS

Engel & Partners Inc. (the "Company") is a New York corporation, incorporated on April 19, 1993. The Company is a registered broker-dealer that packages, sells, refinances and restructures government-related mortgages and projects, participates in bond and tax credit finance, provides services to state and local agencies and not-for-profit sponsors and performs planning, development, and financial consulting. The Company's broker-dealer operations are limited to those described by SEC Rule 15c3-1, paragraphs (a) (2) (ii), (iii) and (iv). The Company does not handle customer funds or securities.

Revenue Recognition

The Company recognizes revenues when earned and expenses when incurred.

Fixed Assets

Fixed assets are carried at cost. Depreciation is calculated using the straight-line method over their estimated useful lives.

Income Taxes

The Company has elected to be taxed as an S corporation for federal and state purposes, allocating its income and loss to the stockholder. No provision for federal and state income taxes has been made since the Company is not a taxable entity. However, the Company is subject to the New York State franchise tax and New York City General Corporation tax. A provision for these taxes is reflected in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

NOTE 2. NET CAPITAL REQUIREMENT

The Company is subject to the Securities and Exchange Commission Uniform Net Capital rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2009 the Company had net capital as defined, of \$7,564 which was \$2,564 in excess of its required net capital of \$5,000.

NOTE 3. SUBSEQUENT EVENTS

Subsequent to year end, on February 22, 2010 the Company withdrew as a broker dealer by filing a form BDW.



## **SUPPLEMENTAL INFORMATION**

ENGEL & PARTNERS INC.  
COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2009

CREDITS

Total Stockholder's Equity	\$ 15,011
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DEBITS

Total Non-Allowable Assets and Other Deductions	<u>(7,447)</u>
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Net Capital	<u>\$ 7,564</u>
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Aggregate Indebtedness:

Accrued Expenses	<u>\$ 10,326</u>
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Total Aggregate Indebtedness	<u>10,326</u>
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Computation of Minimum Net Capital Requirement:

Minimum Net Capital (The greater of 5,000 or 6.67% of aggregate indebtedness)	<u>(5,000)</u>
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Excess Net Capital	<u>\$ 2,564</u>
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Ratio of Aggregate Indebtedness to Net Capital	<u>1.37 to 1</u>
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No material differences existed between the above computation and the computation included in the Company's corresponding unaudited Form X-17-5 Part II Filing.

ENGEL & PARTNERS INC.  
COMPUTATION FOR DETERMINATION OF THE RESERVE REQUIREMENTS  
AND INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS  
FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-3  
FOR THE YEAR ENDED DECEMBER 31, 2009

The Company does not effect transactions for anyone defined as a customer as defined under Rule 15C3-3. Accordingly, there are no items to report under the requirements of this Rule.

**SUPPLEMENTARY REPORT  
OF INDEPENDENT AUDITORS**

INDEPENDENT AUDITORS' SUPPLEMENTARY REPORT  
ON INTERNAL ACCOUNTING CONTROL

To the Stockholder of  
Engel & Partners Inc.:

In planning and performing our audit of the financial statements and supplemental schedules of Engel & Partners Inc. (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 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:

- Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13.
- 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.
- Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15c3-3.

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 practice and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. 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 or 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.

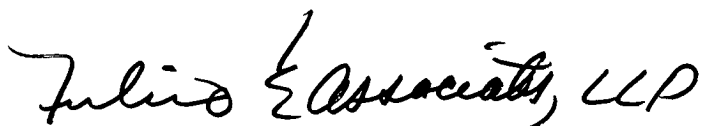
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control 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 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 purpose 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 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 management, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, Inc. 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 those specified parties.



New York, New York  
February 14, 2010

ENGEL & PARTNERS INC.  
AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2009

ENGEL & PARTNERS INC.  
REPORT PURSUANT TO RULE 17a-5(d)  
DECEMBER 31, 2009



ENGEL & PARTNERS INC.  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

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