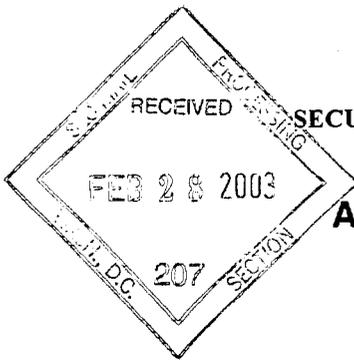


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Washington, D.C. 20549

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

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/ 02 AND ENDING 12/31/ 02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Quince Hill Partners, L.L.C.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1310 P Street NW

(No. and Street)

Washington

(City)

DC

(State)

20005

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Susan Levine 202-265-9490

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Reznick, Fedder & Silverman

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

Two Hopkins Plaza, Suite 2100

(Address)

Baltimore

(City)

MD

(State)

21201

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 18 2003

THOMSON
FINANCIAL

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)

KY

OATH OR AFFIRMATION

I, Susan Levine, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Quine Hill Partners, L.L.C., as of December 31, 2002, 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:

None

Susan B. Levine

Signature

Managing Member

Title

Vicki L. Mendenhall

Notary Public

MY COMMISSION EXPIRES ON 09-30-05

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

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

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

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

QUINCE HILL PARTNERS, LLC

DECEMBER 31, 2002

Quince Hill Partners, LLC

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INDEPENDENT AUDITORS' REPORT

Members
Quince Hill Partners, LLC

We have audited the accompanying statement of financial condition of Quince Hill Partners, LLC as of December 31, 2002, and the related statements of operations, changes in members' equity and cash flows for the year 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 Quince Hill Partners, LLC as of December 31, 2002, and the results of operations, the changes in members' equity 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 in the supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplemental information required by Rule 17a-5 of the Securities and Exchange Commission. 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.

Reznick Fedder & Silverman

Baltimore, Maryland
January 14, 2003

Quince Hill Partners, LLC

STATEMENT OF FINANCIAL CONDITION

December 31, 2002

ASSETS

CURRENT ASSETS

Cash	\$ 20,981
Commissions receivable	8,000
Prepaid expenses	<u>500</u>
	29,481

PROPERTY AND EQUIPMENT, net of accumulated
depreciation of \$4,172

21,313

Total assets

\$ 50,794

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Accrued expenses	<u>\$ 1,077</u>
------------------	-----------------

MEMBERS' EQUITY

49,717

Total liabilities and members' equity

\$ 50,794

See notes to financial statements

Quince Hill Partners, LLC
STATEMENT OF OPERATIONS

Year ended December 31, 2002

Revenue	
Commissions	<u>\$ 15,000</u>
Expenses	
Professional fees	27,300
General and administrative	19,565
Insurance	2,569
Repairs and maintenance	264
Utilities	166
Rent	5,500
Printing and reproduction	1,497
Compliance fees	5,735
Licenses and permits	2,455
Travel and entertainment	3,352
Commission expense	7,000
Depreciation	<u>4,172</u>
Total expenses	<u>79,575</u>
NET LOSS	<u><u>\$ (64,575)</u></u>

See notes to financial statements

Quince Hill Partners, LLC

STATEMENT OF CHANGES IN MEMBERS' EQUITY

Year ended December 31, 2002

Balance at December 31, 2001	\$	-
Members' contributions		114,292
Net loss		<u>(64,575)</u>
Balance, December 31, 2002	\$	<u>49,717</u>

See notes to financial statements

Quince Hill Partners, LLC

STATEMENT OF CASH FLOWS

Year ended December 31, 2002

Cash flows from operating activities	
Net loss	\$ (64,575)
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation	4,172
(Increase) decrease in assets	
Commissions receivable	(8,000)
Prepaid expenses	(500)
Increase (decrease) in liabilities	
Accrued expenses	<u>1,077</u>
Net cash used in operating activities	<u>(67,826)</u>
Cash flows from investing activities	
Purchase of furniture and equipment	<u>(25,485)</u>
Net cash used in investing activities	<u>(25,485)</u>
Cash flows from financing activities	
Contribution	<u>114,292</u>
Net cash provided by financing activities	<u>114,292</u>
NET INCREASE IN CASH	20,981
Cash, beginning of year	<u>-</u>
Cash, end of year	<u><u>\$ 20,981</u></u>

See notes to financial statements

Quince Hill Partners, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

NOTE A - ORGANIZATION

Quince Hill Partners, LLC, a D.C. Limited Liability Company, (the Company) was formed on December 18, 2001, for the purpose of providing clients with services relating to raising investment funds and for any other lawful business as the Members may from time to time determine. The services provided are for institutional customers. A limited liability company limits the liability of its Members to their investments. The Company operates its broker/dealer business on the fully disclosed basis. For the year ended December 31, 2002, the broker/dealer business accounted for 100% of total revenue.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting. As such, income is recognized in the period earned and expenses are recognized in the period incurred.

Commission Receivables and Bad Debts

Commission Receivables represent commissions due from institutions. Commission Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Quince Hill Partners, LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2002

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

As an LLC, the Company incurs no income taxes. The members are taxed on the taxable income of the Company. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

NOTE C - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission, Uniform Net Capital Rule, Rule 15c3-1, which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. Under Rule 15c3-1, the Company is required to maintain net capital of not less than \$5,000. The Company had net capital of \$27,904 at December 31, 2002, which satisfied the net capital requirements. The Company's ratio of aggregate indebtedness to net capital was 0.04 to 1 at December 31, 2002.

NOTE D - RELATED PARTY TRANSACTIONS

Rental Agreement

The Company entered into a one-year rental agreement on February 1, 2002 with a Member for office space. The agreement provided for monthly rental payments of \$1,000 starting on the seventh month of the agreement. Total payments were accrued pro rata over the life of the lease. Rent of \$5,500 had been charged to expense and \$-0- remained payable as of December 31, 2002.

NOTE E - CONCENTRATION OF RISK

Cash

The Company maintains its cash balances in one bank. The balances in the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. As of December 31, 2002, there was no uninsured portion of the cash balance.

Quince Hill Partners, LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2002

NOTE E - CONCENTRATION OF RISK (Continued)

Commission Revenue

In accordance with an agreement dated October 7, 2002 with Ramius Capital/Urban American, the managing member of the Quince Hill Partners, LLC has been appointed as the "Fundraiser" for RCG Urban American Real Estate Fund I, LP (Fund I). The Fundraiser will be primarily responsible for obtaining capital commitments to Fund I in the form of subscription agreements for limited partner interests. In addition, the Fundraiser will work with Fulcrum Partners, LLC to complete the offering documents for Fund I. The Fundraiser shall be compensated on a success basis only, with respect to any new investor who commits to Fund I. Commission revenue earned from fundraising was \$15,000 for the year ended December 31, 2002.

SUPPLEMENTAL INFORMATION

SCHEDULE OF NET CAPITAL AND AGGREGATE INDEBTEDNESS
UNDER RULE 15c3-1 OF THE SECURITIES AND

Year ended December 31, 2001

COMPUTATION OF AGGREGATE INDEBTEDNESS

Liabilities included in aggregate indebtedness

\$ 1,077

COMPUTATION OF NET CAPITAL

Total members' equity from statement of
financial condition

49,717

Less: Nonallowable assets

-

Other deductions and/or charges

Property and equipment, net of accumulated depreciation

21,313

Prepaid expense

500

Net capital before haircuts on securities positions

27,904

Haircuts on securities

Other securities

-

Net haircuts on securities

-

Net capital

\$ 27,904

CAPITAL REQUIREMENTS

Net capital required

\$ 5,000

Net capital in excess of requirements

22,904

Net capital, as shown above

\$ 27,904

Ratio of aggregated indebtedness to net capital

0.04 to 1

Quince Hill Partners, LLC

RECONCILIATION OF AGGREGATE INDEBTEDNESS TO NET CAPITAL

Year ended December 31, 2002

RECONCILIATION WITH COMPANY'S COMPUTATION

Aggregate indebtedness, as reported in Company's Part II (Unaudited) Focus Report	\$ 1,077
Changes as noted during audit	
Other adjustments	<u>-</u>
Aggregate indebtedness per schedule of computation of aggregate indebtedness and net capital	<u>\$ 1,077</u>
Net capital, as reported in Company's Part II (Unaudited) Focus Report	\$ 27,904
Changes as noted during audit	
Other adjustments	<u>-</u>
Net capital per schedule of computation of aggregate indebtedness and net capital	<u>\$ 27,904</u>

Quince Hill Partners, LLC

EXEMPTION FROM REQUIREMENTS UNDER SEC RULE 15c3-3

Year ended December 31, 2002

The Company claims exemption under provisions of SEC Rule 15c3-3k(2)(ii) and was in compliance with the conditions of such exemption.

The Company is not required to furnish information relating to possession or control requirements because it is exempt from SEC Rule 15c3-3.

Quince Hill Partners, LLC

SIPC ASSESSMENT

Period from December 19, 2000 (commencement of operations)
to December 31, 2002

The Company, as a member of the Securities Investor Protection Corporation, has been assessed \$150 for the year ended December 31, 2002. This assessment has been paid as of December 31, 2002.



Reznick Fedder & Silverman

Certified Public Accountants • A Professional Corporation

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410-783-4900 Phone
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INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5

Members

Quince Hill Partners, LLC

We have audited the financial statements of Quince Hill Partners, LLC as of December 31, 2002 and for the year then ended, and have issued our report thereon dated January 14, 2003.

In planning and performing our audit of the financial statements of Quince Hill Partners, LLC for the year then ended, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on internal control.

We also made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

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 internal control policies and procedures 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 Commission's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in 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 the inherent limitations in internal control or the practices and procedures

referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the internal control and practices and procedures 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 the internal control that might be material weakness under standards established by the American Institute of Certified Public Accounts. A material weakness is a condition in which the design or operation of the specific internal control elements does not reduce to a relatively low level the risk that errors or irregularities 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 the internal control that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the third paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities and Exchange Act of 1934 and related regulation, 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, 2002 to meet the Commission's objectives.

This report is intended solely for the information and use of the members, management, the Securities Exchange Commission, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities and Exchange Act of 1934, and is not intended to be, and should not be, used by anyone other than these specified parties.

Rennell Fedder + Partners

Baltimore, Maryland
January 14, 2003