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2-28-2005



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

VF 2-24-05

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

SEC FILE NUMBER  
**8- 45010**

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 January 1, 2004 AND ENDING December 31, 2004  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Jackson Partners & Associates, Inc.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

381 Park Avenue South

(No. and Street)

New York  
(City)

NY  
(State)

10016  
(Zip Code)

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

Ronald Jackson

212-251-9600

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Marx, Lange, Gutterman LLP

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

1430 Broadway  
(Address)

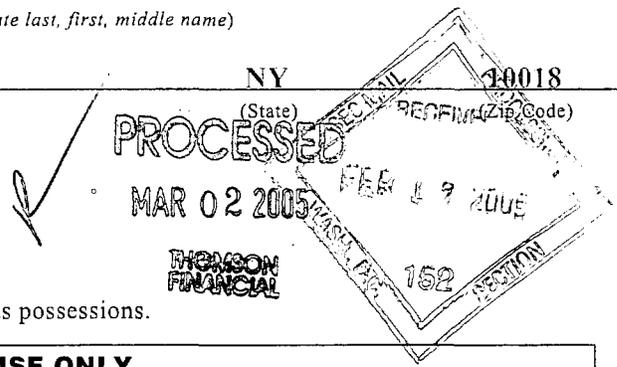
New York  
(City)

NY  
(State)

10018  
(Zip Code)

CHECK ONE:

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



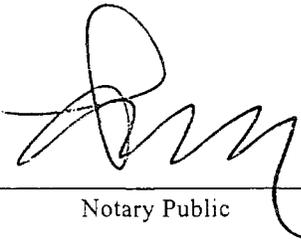
**FOR OFFICIAL USE ONLY**

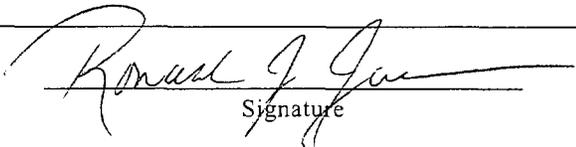
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Ronald Jackson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Jackson Partners & Associates, Inc., as of December 31, 2004, 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

  
\_\_\_\_\_  
Signature  
**President**  
\_\_\_\_\_  
Title

**SUN MIN PARK**  
**NOTARY PUBLIC, State of New York**  
**No. 02PA6099266**  
**Qualified in New York County**  
**Commission Expires 9-29-07**

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.
- (o) A report on internal control.

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

## INDEPENDENT AUDITOR'S REPORT

Board of Directors and Shareholders of  
Jackson Partners & Associates, Inc.

We have audited the accompanying statement of financial condition of Jackson Partners & Associates, Inc. (the "Company") as of December 31, 2004, and the related statement of operations, changes in shareholders' equity 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. 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 Jackson Partners & Associates, Inc. as of December 31, 2004, 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information 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.

*Marx Lange, Gutterman LLP*

New York, New York  
February 15, 2005

**JACKSON PARTNERS & ASSOCIATES, INC.**  
**Statement of Financial Condition**  
**December 31, 2004**

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**ASSETS**

Cash and cash equivalents	\$ 625,373
Receivable from brokers and dealers	109,238
Property and equipment, at cost	
less accumulated depreciation of \$86,452	7,223
Other assets	22,639

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\$ 764,473

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**LIABILITIES AND SHAREHOLDERS' EQUITY**

**Liabilities**

Accounts payable, accrued expenses and other liabilities	\$ 367,110
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**Commitments and contingencies (Notes 3 and 4)**

**Shareholders' equity**

Common stock, no par value; 200 shares authorized; 100 shares issued and outstanding	10,000
Additional paid in capital	24,540
Retained earnings	362,823

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**Total shareholders' equity** 397,363

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\$ 764,473

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

# JACKSON PARTNERS & ASSOCIATES, INC.

## Statement of Operations Year Ended December 31, 2004

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<b>Revenues</b>	
Commissions	\$ 1,951,365
Interest income	33,807
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<b>Total revenues</b>	<b>1,985,172</b>
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<b>Expenses</b>	
Employee compensation and benefits	663,023
Clearing and execution charges	378,215
Communications and data processing	133,713
Research expenses	324,822
Rent and occupancy costs	50,967
Travel and entertainment	143,535
Regulatory fees	3,418
Pension plan expense	216,216
Other operating expenses	74,210
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<b>Total expenses</b>	<b>1,988,119</b>
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<b>Loss before provision for NYC corporate income taxes</b>	<b>(2,947)</b>
<b>Provision for NYC corporate income taxes</b>	<b>10,925</b>
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<b>Net loss</b>	<b>\$ (13,872)</b>

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

**JACKSON PARTNERS & ASSOCIATES, INC.**  
**Statement of Changes in Shareholders' Equity**  
**Year Ended December 31, 2004**

	Total	Common Stock	Additional Paid-in Capital	Retained Earnings
<b>Balance, January 1, 2004</b>	\$ 472,194	\$ 10,000	\$ 24,540	\$ 437,654
<b>Net loss</b>	(13,872)	—	—	(13,872)
<b>Distributions to shareholders</b>	(60,959)	—	—	(60,959)
<b>Balance, December 31, 2004</b>	\$ 397,363	\$ 10,000	\$ 24,540	\$ 362,823

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

**JACKSON PARTNERS & ASSOCIATES, INC.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2004**

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<b>Cash flows from operating activities:</b>	
Net loss	\$ (13,872)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation and amortization	6,394
Decrease in receivable from brokers and dealers	48,196
Decrease in other assets	2,465
(Decrease) in accounts payable, accrued expenses and other liabilities	(179,948)
<b>Net cash used by operating activities</b>	<b>(136,765)</b>
<b>Cash flows from investing activities:</b>	
Acquisition of property and equipment	(5,921)
<b>Cash flows from financing activities:</b>	
Distributions to shareholders	(60,959)
<b>Net decrease in cash and cash equivalents</b>	<b>(203,645)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>829,018</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 625,373</b>
<b>Supplemental disclosure of cash flow information:</b>	
Cash paid during the year for interest	\$ 270
Cash paid during the year for income taxes	\$ 11,038

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

# JACKSON PARTNERS & ASSOCIATES, INC.

## Notes to Financial Statements Year Ended December 31, 2004

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### 1. Organization

Jackson Partners & Associates, Inc. (the "Company") was incorporated in the State of New York on June 23, 1992 and is a broker-dealer registered with the Securities and Exchange Commission and is a member of the National Association of Security Dealers.

### 2. Summary of Significant Accounting Policies

#### Basis of Presentation

The Company operates primarily as an introducing broker and engages in the business of providing brokerage services for customers. As a matter of normal business practice, the Company does not assume positions in securities.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with a maturity of three months or less when purchased.

#### Securities Transactions

Securities transactions and related revenues and expenses are recorded on a trade date basis.

#### Property and Equipment

The Company depreciates office furniture and equipment on the accelerated method over estimated useful lives of 5 to 7 years. Leasehold improvements are depreciated on the straight-line method over a useful life of 39 years.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principals requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Income Taxes

No provision has been made for Federal or NYS income taxes since the Company elected to be treated as an "S" Corporation under the Internal Revenue Code and NYS Corporation tax law whereby its income will be taxed directly to its shareholders. The provision for income taxes includes New York City Corporation tax of \$10,925.

**JACKSON PARTNERS & ASSOCIATES, INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2004**

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2. **Summary of Significant Accounting Policies (continued)**

**Other Assets**

Other assets consist of taxes receivable, security deposits and other assets.

3. **Note Payable, Bank**

The Company has a revolving loan agreement with a bank during the year totaling \$100,000 of which \$100,000 was unused at December 31, 2004. The loan is collateralized by the assets of the Company and bears interest at the prime rate plus 2%. The minimum monthly principal installment is equal to 1/36 of the total outstanding principal balance plus accrued interest and is due in full on demand.

4. **Commitments and Contingencies**

The Company entered into a new lease for office space effective July 1, 1995. The current monthly base rental is \$3,621 and is due to expire April, 2005. The Company is currently negotiating a new lease to commence in 2005.

The Company also leases various office equipment on a month-to-month basis.

The future annual aggregate minimum rentals are as follows:

<b><u>Year to end</u></b> <b><u>December 31,</u></b>	
2005	\$ 16,444
2006	<u>982</u>
	<u>\$ 17,426</u>

The Company is contingently liable for losses incurred by its clearing broker from defaults in payment of funds or delivery of securities by any introduced customer account.

**JACKSON PARTNERS & ASSOCIATES, INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2004**

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5. **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 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, 2004 the Company had net capital of \$363,501, which was \$313,501 in excess of its required net capital of \$50,000. The Company's net capital ratio was 1.01 to 1.

6. **Concentration of Credit Risk**

Customer transactions are cleared principally through BNY ESI Securities Company on a fully disclosed basis. In the event that customers are unable to fulfill their contractual obligations, BNY ESI Securities Company may charge the Company for any loss incurred in connection with the purchase or sale of securities at prevailing market prices to satisfy customer obligations.

The Company maintains its cash balances in one financial institution located in New York, New York. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. Cash exceeding federally insured limits totaled \$525,373 at December 31, 2004.

7. **Defined Benefit Pension Plan**

The Company has a defined benefit pension plan covering substantially all of its employees. The benefits are based upon an employee's years of service and compensation. The plan also provides for term life insurance for each eligible employee and premiums are included in the employers' required contributions. The Company's funding policy is to contribute annually the maximum amount that can be deducted for Federal income tax purposes. The following provides further information about the plan:

Fair value of plan assets at December 31, 2004	\$ 875,256
Accrued benefit obligation at December 31, 2004	<u>1,079,030</u>
Unfunded balance	<u>\$ (203,774)</u>

Weighted average assumptions as of December 31, 2004:

Discount rate	5.50%
Expected return on plan assets	5.00%

## Supplemental Information

**JACKSON PARTNERS & ASSOCIATES, INC.**  
Computation of Net Capital  
Under Rule 15c3-1 of the Securities and Exchange Commission  
as of December 31, 2004

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<b>Computation of net capital:</b>	
Shareholders' equity	\$ 397,363
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<b>Deductions and/or charges</b>	
Non allowable assets	29,862
Other	4,000
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<b>Total deductions and/or charges</b>	<b>33,862</b>
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<b>Net capital</b>	<b>\$ 363,501</b>
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<b>Minimum net capital required</b>	<b>\$ 50,000</b>
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<b>Excess net capital</b>	<b>\$ 313,501</b>
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<b>Total aggregate indebtedness</b>	<b>\$ 367,110</b>
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<b>Percentage of aggregate indebtedness to net capital</b>	<b>1.01 : 1</b>

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**JACKSON PARTNERS & ASSOCIATES, INC.**  
**Reconciliation of Supplementary Schedule 1**  
**Computation under Rule 15c3-1 with the Company's**  
**Computation included in Form X-17A-5**  
**as of December 31, 2004**

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	<u>Net Capital</u>	<u>Aggregate Indebtedness</u>
As reported in the Company's part II (unaudited) FOCUS report	\$ 385,147	\$ 345,456
Adjustments to:		
Cash	7	—
Accounts payable, accrued expenses and other liabilities	(21,654)	21,654
Rounding	1	—
	<hr/>	<hr/>
	\$ 363,501	\$ 367,110

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**JACKSON PARTNERS & ASSOCIATES, INC.**  
**Computation of Reserve Formula**  
**Pursuant to Rule 15-c3-3**  
**December 31, 2004**

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Exemption claimed under Rule 15c3-3(k)(2)(ii).

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**Supplementary Report  
Of Independent Auditors**

Supplementary Report of Independent Auditors  
on Internal Control Required by SEC Rule 17a-5  
of the Securities Exchange Act of 1934

The Board of Directors and Shareholders of  
Jackson Partners & Associates, Inc.

In planning and performing our audit of the financial statements of Jackson Partners & Associates, Inc. (the "Company") for the year ended December 31, 2004, 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 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 security accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company (i) in making quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or (ii) 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.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 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, 2004 to meet the SEC's objectives.

This report is intended solely for the information and use by the Board of Directors management, the Securities and Exchange Commission, National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used by anyone other than these specified parties.

*Marx Lange Rutterman LLP*  
New York, New York  
February 15, 2005