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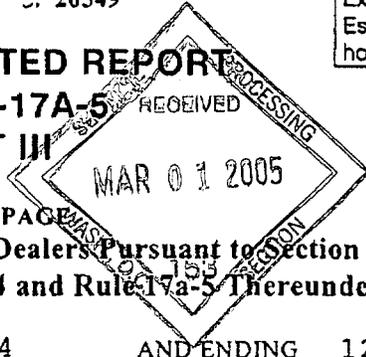
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**



SEC FILE NUMBER
B-65213

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 01/01/04 AND ENDING 12/31/04
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: QUINCE HILL PARTNERS, LLC
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

1601 CONNECTICUT AVENUE, NW SUITE 801
(No. and Street)
WASHINGTON DC 20009
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

REZNICK GROUP, PC
(Name - if individual, state last, first, middle name)
500 EAST PRATT STREET, SUITE 200 BALTIMORE, MARYLAND 21202-3100
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

R PROCESSED
MAR 18 2005
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)

BB 3/15

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.

OATH OR AFFIRMATION

I, ~~SUSAN LEVINE~~ Thomas FOSTER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of

QUINCE HILL PARTNERS, LLC, as of ~~DECEMBER 31~~ February 28th, ~~2004~~ 2005, 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:

[Signature]
Signature
[Title]
Title

[Signature]
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).

INDEPENDENT AUDITORS' REPORT

To the Members
Quince Hill Partners, LLC

We have audited the accompanying statement of financial condition of Quince Hill Partners, LLC as of December 31, 2004, and the related statements of operations, changes in members' 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 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, 2004, 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 Group, P.C.

Baltimore, Maryland
January 10, 2005

Quince Hill Partners, LLC

STATEMENT OF FINANCIAL CONDITION

December 31, 2004

ASSETS

CURRENT ASSETS

Cash	\$ 30,930
Prepaid expenses	<u>7,651</u>
	38,581

PROPERTY AND EQUIPMENT, net of accumulated
depreciation of \$16,039

36,265

Total assets

\$ 74,846

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Accrued expenses	\$ 910
Deferred revenue	<u>13,000</u>

Total current liabilities

13,910

MEMBERS' EQUITY

60,936

Total liabilities and members' equity

\$ 74,846

See notes to financial statements

Quince Hill Partners, LLC

STATEMENT OF OPERATIONS

Year ended December 31, 2004

Revenue	
Commissions	<u>\$ 116,856</u>
Expenses	
Professional fees	17,699
General and administrative	31,531
Insurance	17,173
Repairs and maintenance	1,431
Utilities	504
Rent	16,800
Printing and reproduction	3,676
Compliance fees	2,710
Licenses and permits	175
Travel and entertainment	8,729
Advertising	1,100
Depreciation	<u>7,490</u>
Total expenses	<u>109,018</u>
NET INCOME	<u><u>\$ 7,838</u></u>

See notes to financial statements

Quince Hill Partners, LLC

STATEMENT OF CHANGES IN MEMBERS' EQUITY

Year ended December 31, 2004

Balance at December 31, 2003	\$ 53,098
Net income	<u>7,838</u>
Balance, December 31, 2004	<u>\$ 60,936</u>

See notes to financial statements

Quince Hill Partners, LLC

STATEMENT OF CASH FLOWS

Year ended December 31, 2004

Cash flows from operating activities	
Net income	\$ 7,838
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation	7,490
(Increase) decrease in assets	
Commissions receivable	5,337
Prepaid expenses	(5,391)
Increase (decrease) in liabilities	
Accrued expenses	60
Deferred revenue	13,000
	<u>28,334</u>
Net cash provided by operating activities	
	<u>28,334</u>
Cash flows from investing activities	
Purchase of furniture and equipment	<u>(25,188)</u>
Net cash used in investing activities	<u>(25,188)</u>
NET INCREASE IN CASH	3,146
Cash, beginning of year	<u>27,784</u>
Cash, end of year	<u>\$ 30,930</u>

See notes to financial statements

Quince Hill Partners, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

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 an introducing firm basis. For the year ended December 31, 2004, 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 Revenue

Commission revenue is recorded on an accrual basis as they are earned in accordance with specific contracts. Any commissions received in advance of the contract amount are treated as deferred revenue and classified as liabilities until earned.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using the straight line method over lives of three to seven years. For income tax purposes, accelerated lives and methods are used.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Under current provisions of the Internal Revenue Code and applicable state laws, the Company is not subject to income taxes. Rather, the results of its operations are includable in the income tax returns of its members. Consequently, no provision for income tax expense has been included in the accompanying 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 \$17,020 at December 31, 2004, which satisfies the net capital requirements. The Company's ratio of aggregate indebtedness to net capital was .053 to 1 at December 31, 2004.

NOTE D - RELATED PARTY TRANSACTIONS

Rental Agreement

The Company entered into a one-year rental agreement on February 1, 2002 with a month-to-month option from February 1, 2003 to November 6, 2003 with a Member for office space. The agreement provided for monthly rental payments of \$1,000 starting on the seventh month of the agreement. A new six month lease was signed with Chatel Real Estate on November 7, 2003, with monthly renewals through August 31, 2004. The rental agreement was terminated as of September 1, 2004. Total payments were accrued pro rata over the life of the lease. Rent of \$8,000 has been charged to operations and \$-0- remained payable as of December 31, 2004.

NOTE E - LEASE OBLIGATIONS

The Company entered into a leasing arrangement to lease a building in Washington, DC on September 1, 2004. The term of the lease is three years with an average monthly rent of \$2,200. The lease expires in August 2007. Rent expense for the year ended December 31, 2004 was \$8,800.

Quince Hill Partners, LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2004

NOTE E - LEASE OBLIGATIONS (Continued)

Future minimum payments under operating leases at December 31, 2004, for the following three years are as follows:

2005	\$	26,400
2006		26,400
2007		<u>17,600</u>
Total	\$	<u>70,400</u>

NOTE F - CONCENTRATION OF CREDIT RISK

Commission Revenue

Commission revenue was earned from Rockwood Capital, Cross Atlantic Partners and Rockspring Property Managers, Inc. for closed funds in the amount of \$35,066, \$52,000 and \$30,000, respectively, for the year ended December 31, 2004. In 2004, the Company collected \$13,000 of revenue in advance from Cross Atlantic Partners that was for revenue earned that will be earned in 2005.

SUPPLEMENTAL INFORMATION

Quince Hill Partners, LLC

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

Year ended December 31, 2004

COMPUTATION OF AGGREGATE INDEBTEDNESS

Liabilities included in aggregate indebtedness

\$ 910

COMPUTATION OF NET CAPITAL

Total members' equity from statement of
financial condition

60,936

Less: Other deductions and/or charges

Property and equipment, net of accumulated depreciation

36,265

Prepaid expenses

7,651

Net capital before haircuts on securities positions

17,020

Haircuts on securities

Other securities

-

Net haircuts on securities

-

Net capital

\$ 17,020

CAPITAL REQUIREMENTS

Net capital required

\$ 5,000

Net capital in excess of requirements

12,020

Net capital, as shown above

\$ 17,020

Quince Hill Partners, LLC

RECONCILIATION OF AGGREGATE INDEBTEDNESS AND NET CAPITAL

Year ended December 31, 2004

RECONCILIATION WITH COMPANY'S COMPUTATION

Aggregate indebtedness, as reported in Company's Part II (Unaudited) Focus Report	\$ 910
Changes as noted during audit	
Other adjustments	<u>-</u>
Aggregate indebtedness per schedule of computation of aggregate indebtedness and net capital	<u>\$ 910</u>
Net capital, as reported in Company's Part II (Unaudited) Focus Report	\$ 17,020
Changes as noted during audit	
Other adjustments	<u>-</u>
Net capital per schedule of computation of aggregate indebtedness and net capital	<u>\$ 17,020</u>

Quince Hill Partners, LLC

EXEMPTION FROM REQUIREMENTS UNDER SEC RULE 15c3-3

Year ended December 31, 2004

The Company claims exemption under provisions of SEC Rule 15c3-3k(2)(i) 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

Year ended December 31, 2004

The Company, as a member of the Securities Investor Protection Corporation, has been assessed \$150 for the year ended December 31, 2004. This assessment has been paid as of December 31, 2004.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL
REQUIRED BY SEC RULE 17a-5**

To the Members
Quince Hill Partners, LLC

In planning and performing our audit of the financial statements and supplemental schedules of Quince Hill Partners, LLC for the year ended December 31, 2004, 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.

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 the procedures 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 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 if securities under Section 8 of the 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 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 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 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 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 the internal control that might be a material weakness under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of the specific internal control elements does not reduce to a relatively low level the risk that error or fraud that would be material in relation to the financial statements 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 second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities and 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 of the members, management, the Securities Exchange Commission, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities and 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.

Reznick Group, P.C.

Baltimore, Maryland
January 10, 2005