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

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

SEC FILE NUMBER 8-49005

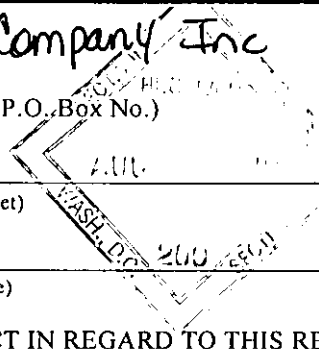
FACING PAGE Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 7/1/06 AND ENDING 6/30/07 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Sentinel Brokers Company Inc ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) 1045A PARK BLVD. SUITE 1 MASSAPEQUA PARK NY 11762 NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT JAN PASTERNAK, CPA 516-829-6767

OFFICIAL USE ONLY FIRM I.D. NO.



B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\* PASTERNAK & COMPANY, LLP 10 CUTTER MILL ROAD GREAT NECK NY 11021

CHECK ONE:

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

PROCESSED

SEP 04 2007

FOR OFFICIAL USE ONLY THOMSON FINANCIAL

Handwritten signature

\*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)

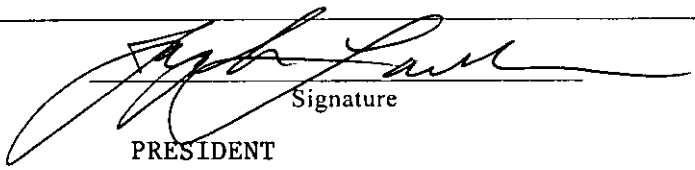
OATH OR AFFIRMATION

I, JOSEPH M. LAWLESS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SENTINEL BROKERS COMPANY, INC., as of JUNE 30, 2007, 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:

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

TRAVIS A. NICHOLSON  
Notary Public, State of New York  
No. 4907731  
Qualified in Nassau County  
Commission Expires Oct. 19, 2008

T  
Notary Public

  
Signature  
PRESIDENT  
Title

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 15c3-1 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).

**SENTINEL BROKERS COMPANY, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**JUNE 30, 2007**

**SENTINEL BROKERS COMPANY, INC.**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors' Report	1
Balance Sheet	2
Statement of Income	3
Statement of Changes in Stockholders Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6-7
Supplementary Information	
Computation of Net Capital Under Sec Rule 15c3-1 and Reconciliations	8
Independent Auditors' Comments	9-10

# PASTERNAK & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

10 CUTTER MILL ROAD • SUITE 204

GREAT NECK, N.Y. 11021

(516) 829-6767 • FAX (516) 829-2828

JAN S. PASTERNAK, CPA  
BERNARD SPEAR, CPA

## INDEPENDENT AUDITORS' REPORT

Mr. Joseph Lawless  
Sentinel Brokers Company, Inc.  
1045A Park Boulevard  
Massapequa, NY 11762

We have audited the accompanying balance sheet of Sentinel Brokers Company, Inc. (a corporation) as of June 30, 2007 and the related statements of income, changes in stockholders' 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 Sentinel Brokers Company, Inc as of June 30, 2007, 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 in the accompanying schedule is presented for purposes of additional analysis and is not a required part of the 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 the audit of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Pasternack & Company LLP*

Pasternack & Company LLP  
Great Neck, N.Y.  
August 9, 2007

SENTINEL BROKERS COMPANY, INC.

BALANCE SHEET

JUNE 30, 2007

ASSETS

Current Assets		
Cash and cash equivalents	\$ 128,912	
Prepaid expenses	581	
Marketable securities-available for sale	<u>460,272</u>	
Total current assets		\$ 589,765
Fixed Assets (net of accumulated depreciation of \$18,800)		31,815
Other Assets		<u>4,751</u>
Total Assets		<u>\$ 626,331</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable	\$ 79,323	
Accrued expenses and taxes payable	96,009	
Loan payable-stockholder	3,134	
Loan payable-bank	<u>4,060</u>	
Total current liabilities		\$ 182,526
Long-term liabilities		
Loan payable-bank		<u>8,796</u>
Total Liabilities		191,322
Commitments and contingencies (Note 3)		
Stockholders' Equity		
Capital stock	100	
Additional paid in capital	233,709	
Accumulated other comprehensive income	55,165	
Retained earnings	<u>146,035</u>	
		<u>435,009</u>
Total Liabilities and Stockholders' Equity		<u>\$ 626,331</u>

See accountants report and notes to financial statements

**SENTINEL BROKERS COMPANY, INC.**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2007**

Revenue	
Commissions	\$ 1,178,461
Interest income	26,357
Other	<u>1,207</u>
Total Revenue	<u>1,206,025</u>
Expenses	
Salaries	783,169
Payroll taxes	57,120
Trade processing	103,778
Rent	33,892
Telephone	21,710
Utilities	2,755
Professional fees	9,798
Advertising	1,450
Dues and subscriptions	536
Office supplies and expenses	41,490
Insurance	18,847
Travel and entertainment	52,153
Interest expense	9,399
Depreciation and amortization	<u>12,260</u>
Total Expenses	<u>1,148,357</u>
Net income before taxes	57,668
Less: Provision for income taxes	<u>11,583</u>
Net income	<u>\$ 46,085</u>

See accountants report and notes to financial statements

**SENTINEL BROKERS COMPANY, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2007**

Retained Earnings-July 1, 2006	\$ 99,950
Net income for the year	<u>46,085</u>
Retained Earnings-June 30, 2007	<u><u>\$ 146,035</u></u>

**SCHEDULE OF STOCKHOLDERS' EQUITY**

Capital Stock, 200 shares authorized, 100 shares issued and outstanding, no par value	\$ 100
Additional Paid in Capital	
July 1, 2006	\$ 233,709
Additions	<u>-</u>
Paid in Capital June 30, 2007	233,709
Other comprehensive income	
July 1, 2006	56,745
Unrealized holding losses on available for sale securities	<u>(1,580)</u>
Accumulated other comprehensive income- June 30, 2007	55,165
Retained Earnings	<u>146,035</u>
Total Stockholders' Equity	<u><u>\$ 435,009</u></u>

See accountants report and notes to financial statements



**SENTINEL BROKERS COMPANY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<b>Cash flows from operating activities:</b>	
Net income	\$ <u>46,085</u>
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	12,260
Increase in prepaid expenses	(581)
Decrease in other assets	901
Increase in accounts payable and accrued expenses	<u>121,350</u>
Total adjustments	<u>133,930</u>
Net cash provided by operating activities	<u>180,015</u>
<b>Cash flows from investing activities:</b>	
Debt and equity investments	(4,810)
Purchase of fixed assets	<u>(22,124)</u>
Net cash used in investing activities	<u>(26,934)</u>
<b>Cash flows from financing activities:</b>	
Decrease in loans payable	<u>(77,191)</u>
Net cash used in financing activities	<u>(77,191)</u>
Net increase in cash	75,890
Cash - beginning	<u>53,022</u>
Cash - ending	<u><u>\$ 128,912</u></u>
<b>Supplemental information:</b>	
Cash paid during the period for:	
Interest	\$ <u>8,915</u>
Income taxes	<u><u>\$ -</u></u>

See accountants report and notes to financial statements.

**SENTINEL BROKERS COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Business Activity

Sentinel Brokers Company, Inc. (The Company) began business on January 1, 1998 by continuing the business of Sentinel Brokers Company, a New York proprietorship. Its primary business activity is acting as an intermediary facilitating the trading of Municipal Bonds between institutions. The company has no retail customer base.

Basis of Financial Statements

Sentinel Brokers Company, Inc.'s financial statement for the thirteen month period from June 1, 1997 to June 30, 1998 combined the activity of Sentinel Brokers Company (a sole proprietorship) from June 1, 1997 to December 31 1997 with the activity of Sentinel Brokers Company, Inc. (a corporation) from January 1, 1998 to June 30 1998. For the years ended June 30, 1999 through 2007 the Financial Statements include only the activity of Sentinel Brokers Company, Inc.

Cash and Cash Equivalents

The company considers all highly liquid investments with a maturity of three months or less, when purchased, to be "cash equivalents".

During the year, the Company had cash in excess of \$100,000 on deposit in individual banks. The Federal Deposit Insurance Corporation (FDIC) insures only the first \$100,000 of funds at member banks.

Revenue Recognition

Commission Income (and the recognition of related income and expenses) are recorded at the time the commissions are earned from completed bond sales.

Fixed Assets

Fixed Assets are recorded at costs and are depreciated using an accelerated method.

Amortization of Organization Costs

Organization costs are being amortized over five years.

**SENTINEL BROKERS COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**NOTE 1 - CONTINUED**

Use of Estimates

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

**NOTE 2- COMMITMENTS**

The Company occupies space at 1045A Park Boulevard, Massapequa Park, New York. The term of the lease was through October 31, 1998. At present, the company is a month to month tenant.

During the year the Company entered into 2 new leases for office space. One lease is for office space in Langhorne, Pa and the other for office space in Chicago, Ill.

Future minimum lease payments under these leases at June 30, 2007 are as follows:

Year ended June 30,

2008	19,100
2009	5,400

**NOTE 3 - NET CAPITAL REQUIREMENT**

The Company is subject to the securities and Exchange Commission's 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 1500%. At June 30, 2007, the Company's net capital of \$326,118 was \$226,118 in excess of the required net capital of \$100,000. The Company's net capital ratio was 58.67%.

**SENTINEL BROKERS COMPANY, INC.**  
**SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2007**

**NET CAPITAL COMPUTATION**

Credit Factors			
Capital			\$ 435,009
Allowable Subordinated Liabilities		<u>-0-</u>	
Total Credit Factors			435,009

Debit Factors			
Capital Not Allowable for Net Capital	\$ 37,147		
Debt Securities – Haircut	53,918		
Other Securities-Haircut	<u>17,826</u>	<u>108,891</u>	
Net Capital			326,118

Less: Minimum Net Capital Requirements			
Greater of .66% of Aggregate Indebtedness			
Or \$100,000		<u>100,000</u>	

Remainder: Capital in Excess of All Requirements \$ 226,118

Capital Ratio (Maximum Allowance 100%)  
 \*Aggregate Indebtedness \$ 191,322 = 58.67%

Divided by: Net Capital \$ 326,118

\*Aggregate indebtedness:  
 Accounts payable and Accrued Expenses \$ 175,332  
 Loans payable 15,990  
 Total Aggregate Indebtedness \$ 191,322

The accompanying notes are an integral part of these statements

**SUPPLEMENTARY INFORMATION**

# PASTERNAK & COMPANY, LLP

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JAN S. PASTERNAK, CPA

BERNARD SPEAR, CPA

Mr. Joseph Lawless  
Sentinel Brokers Company, Inc.  
1045A Park Boulevard  
Massapequa, NY 11762

In planning and performing our audit of the financial statements of Sentinel Brokers Company, Inc. (a corporation) for the year ended June 30, 2007, we considered their internal control structure including procedures 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 the internal control structure.

Also, as required by Rule 17a-5(g)(1) and (2) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Sentinel Brokers Company, Inc. that we considered relevant to the objectives stated in Rule 17(a)-5(g), (1) in making periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(II); (2) in complying with the exemption provisions of Rule 15c-3-3. We did not review the practices and procedures followed by the company (1) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13; (2) in the Board of Governors of the Federal Reserve System; and (3) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3, 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 an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and rate costs of internal control structure 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 an internal control structure and practices and procedures are to provide management with reasonable, but not absolute assurances 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 preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure 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 be inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure 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 structure, including procedures for determining compliance with the exemption provisions of rule 15c3-3, 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 Commission 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 June 30, 2006 to meet the Commission's objectives.

This report recognizes that it is not practical in an organization the size of Sentinel Brokers Company, Inc. to achieve all the division of duties and cross checks generally included in a system of internal accounting control and that alternatively greater reliance must be placed on surveillance of management.

Further, that no material differences existed between our computations of your net capital, or determinations of the reserve requirements, and your corresponding Focus Report part II A filing, except as noted in the Supplementary Information (Page 8).

This report is intended solely for the use of management, the Securities and Exchange Commission, and other regulatory agencies which rely on rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

Respectfully submitted,

*Pasternack & Company LLP*

Pasternack & Company, LLP  
Certified Public Accountants

*END*

August 9, 2007