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

Washington, DC  
106

SEC FILE NUMBER
8- 66396

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 01/01/07 AND ENDING 12/31/07  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Ehrenberg Chesler Securities, Inc

OFFICIAL USE ONLY
FIRM I.D. NO.

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

7373 Broadway, Ste #108

(No and Street)

San Antonio

TX

78209

(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\*

Britts & Associates, LLP

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

3201 Cherry Ridge #A104

San Antonio

TX

78230

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**PROCESSED**  
**MAR 28 2008**  
**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)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

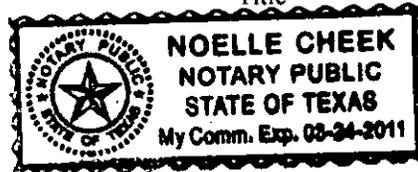
I, Alan Chesler, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Ehrenberg Chesler Securities, Inc., as of December 31, 20 07, are true and correct. I further swear (or affirm) that neither the company 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

Signature

Title

Notary Public



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).

**EHRENBERG CHESLER SECURITIES, INC.**

**AUDITED FINANCIAL STATEMENTS**

**December 31, 2007**

***Britts & Associates, LLP***  
***(A Registered Limited Liability Partnership)***  
***Certified Public Accountants***  
***San Antonio, Texas***

# EHRENBERG CHESLER SECURITIES, INC.

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Britts & Associates L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS  
A Registered Limited Liability Partnership

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Ehrenberg Chesler Securities, Inc.  
San Antonio, Texas

We have audited the accompanying balance sheet of Ehrenberg Chesler Securities, Inc. (ECS) (a Texas corporation) as of December 31, 2007 and the related statements of earnings, changes in stockholders' equity, and cash flows and supplemental information for the year then ended that the Company is filing pursuant to rules 17a-5 and 15c3-1 under the Securities and Exchange Commission 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 Ehrenberg Chesler Securities, Inc. as of December 31, 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 conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information, as listed in the Table of Content, is presented for purposes of additional analysis and is not a required part of the basic financial statements; however, it is supplemental information required pursuant to rules 17a-5 and 15c3-1 under the Security and Exchange Commission 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.

*BWD & Associates LLP*

February 27, 2008

**Ehrenberg Chesler Securities, Inc.**  
**BALANCE SHEET**  
**December 31, 2007**

**ASSETS**

**CURRENT ASSETS:**

Cash in bank (including interest bearing accounts)	\$	137,168
Accounts receivable		<u>16,000</u>
		153,168

**PROPERTY AND EQUIPMENT:**

Furniture and fixtures		5,904
Less accumulated depreciation		<u>(2,310)</u>
		<u>3,594</u>
	\$	<u><u>156,762</u></u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**CURRENT LIABILITIES:**

Accounts payable	\$	93,925
Federal income taxes payable:		
Current		14,882
Deferred		<u>(12,000)</u>
Total current liabilities		96,807

**STOCKHOLDERS' EQUITY:**

Common stock, \$1 par; 100,000,000 shares authorized; 1,000 shares issued and outstanding		1,000
Additional paid in capital		11,100
Retained earnings		<u>47,855</u>
Total stockholders' equity		<u>59,955</u>
	\$	<u><u>156,762</u></u>

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

**Ehrenberg Chesler Securities, Inc.**  
**STATEMENT OF EARNINGS**  
**For the year ended December 31, 2007**

Revenue	\$	123,300
Operating expenses		<u>138,080</u>
Earnings (loss) from operations		(14,780)
Other income:		
Interest income		<u>1,962</u>
Earnings (loss) before income taxes		(12,818)
Provision for income taxes:		
Current:		
Federal		14,890
State		<u>147</u>
Total current income taxes		15,037
Deferred		<u>(14,000)</u>
Total provision for income taxes		<u>1,037</u>
<b>NET INCOME</b>	<b>\$</b>	<b><u><u>(13,855)</u></u></b>

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

**Ehrenberg Chesler Securities, Inc.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**For the year ended December 31, 2007**

	<u>Common Stock</u> <u>Shares</u>	<u>Amount</u>	<u>Paid-in</u> <u>Capital</u>	<u>Retained</u> <u>Earnings</u>	<u>Total</u>
Balance - December 31, 2006	1,000	\$ 1,000	\$11,100	\$ 61,710	\$ 73,810
Net earnings (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,855)</u>	<u>(13,855)</u>
Balance - December 31, 2007	<u>1,000</u>	<u>\$ 1,000</u>	<u>\$11,100</u>	<u>\$ 47,855</u>	<u>\$ 59,955</u>

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

**Ehrenberg Chesler Securities, Inc.**  
**Statement of Changes in Liabilities Subordinated**  
**to Claims of General Creditors**  
**For the year ended December 31, 2007**

Balance at December 31, 2006	\$ -
Current year changes:	
Increases	-
Decreases	-
	<hr/>
Net change for the year	-
	<hr/>
<b>Balance at December 31, 2007</b>	<b><u><u>\$ -</u></u></b>

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

**Ehrenberg Chesler Securities, Inc.**  
**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2007**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Net Earnings	\$ (13,855)
Adjustments to reconcile net earnings to net cash provided by operating activities:	
Depreciation expense	910
(Increase) decrease in:	
Accounts receivable	(16,000)
Prepaid expenses	12,500
Increase (decrease) in:	
Accounts payable	93,925
Provision for federal taxes	874
Total adjustments	<u>92,209</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>78,354</b>
Cash - beginning	58,814
<b>Cash - ending</b>	<b><u><u>\$ 137,168</u></u></b>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Cash paid during the year for:	
Federal income taxes	<u><u>\$ 8</u></u>

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

**Ehrenberg Chesler Securities, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2007**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of Ehrenberg Chesler Securities, Inc. (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are the representation of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Operations

Ehrenberg Chesler Securities, Inc. (the Company) is a Broker/Dealer, as defined by the National Association of Securities Dealers (NASD). Pursuant to its registration with the NASD, the Company focuses on three types of business: 1) the sale of direct participation programs in primary distributions; 2) private placements of securities; and 3) other securities business comprised mainly of merger and acquisition advisory services.

Revenue Recognition

The Company requires a non-refundable retainer upon engaging a client. A fee equal to an agreed-upon percentage of the gross proceeds is due to the Company when the client accepts the investor subscription. The terms of an engagement grant the Company the exclusive right to act on behalf of the client for a period ranging from 90 to 120 days from the date the engagement letter is executed.

Allowance for Doubtful Accounts

The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is recorded.

Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments, with original maturities of three months or less when purchased, to be cash equivalents.

**Ehrenberg Chesler Securities, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2007**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of federal and state income taxes currently due plus deferred income taxes. Deferred income taxes are the result of the use of the cash basis of accounting for income tax purposes, as opposed to the accrual basis of accounting for financial statement purposes.

Depreciation

Property and equipment are stated at cost. The estimated useful life of equipment and furniture ranges from 5-7 years.

Depreciation is computed using the straight-line method over the estimated useful life for financial reporting purposes.

Use of Estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

**NOTE B - CONCENTRATION OF CREDIT RISK**

The Company maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, exceed federally insured limits.

The Company does not require collateral from its customers.

**Ehrenberg Chesler Securities, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2007**

**NOTE C – RELATED PARTIES**

The Company pays its parent company a fee for indirect overhead expenses such as long distance telephone charges, copying charges and office supplies based on the gross income received by the Company for services provided to its clients. The amount expensed in 2007 to related parties was \$9,665.

Further, the Company pays commissions to registered representatives who are affiliated with the Company. The amount paid varies by assignment. The amount expensed in 2007 was \$69,800.

The Company pays an affiliate for professional services. The amount expensed in 2007 was \$13,665.

**NOTE D – NET CAPITAL REQUIREMENTS**

The Company is subject to the SEC 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; and prohibits a broker-dealer from engaging in securities transactions when its net capital falls below minimum requirements as defined by the rule. The Company's ratio of aggregate indebtedness to net capital was 1.61 to 1. At December 31, 2007, the Company had net capital of \$59,955, which was \$53,501 in excess of its required net capital of \$6,454.

**NOTE E – AVAILABILITY OF ANNUAL AUDIT REPORT**

Pursuant to rule 17a-5 of the SEC, the Company's statement of financial condition as of December 31, 2007, is available for examination at the office of the Company in San Antonio, Texas and the SEC in Ft. Worth, Texas.

**SUPPLEMENTAL INFORMATION**

**Ehrenberg Chesler Securities, Inc.**  
**SCHEDULE OF OPERATING EXPENSES**  
**For the year ended December 31, 2007**

Bank charges	\$ 6
Broker commissions	82,300
Commissions and consulting	6,665
Depreciation	910
Insurance	655
Office expense	2,905
Postage and delivery	81
Printing and reproduction	667
Professional fees	41,125
Registration fees	2,147
Travel	619
	<u>\$ 138,080</u>

**Ehrenberg Chesler Securities, Inc.**  
**Computation of Net Capital and Aggregate**  
**Indebtedness Pursuant to Rule 15c3-1**  
**December 31, 2007**

Total stockholder's equity for net capital	\$	59,955
Add:		
Liabilities subordinated to claims of general creditors allowable in computation of net capital		-
Total capital and allowable subordinated liabilities		59,955
Deductions and/or charges:		
Non-allowable assets		-
Total deductions and/or charges		-
<b>NET CAPITAL</b>	<b>\$</b>	<b>59,955</b>
Aggregate indebtedness:		
Accrued expenses		96,807
Total aggregate indebtedness	<b>\$</b>	<b>96,807</b>
Computation of basic net capital requirement:		
Minimum net capital required (greater of \$5,000 or 6 2/3% of aggregate indebtedness)	<b>\$</b>	<b>6,454</b>
Net capital in excess of minimum requirement	<b>\$</b>	<b>53,501</b>
Ratio of aggregate indebtedness to net capital		<b>1.61 to 1</b>

**Ehrenberg Chesler Securities, Inc.**  
**Reconciliation of Net Capital Per Computation on Audited**  
**Supplemental Information to Amount Reported On Form X-17 A-5**  
**December 31, 2007**

Net capital reported on form X-17 A-5	\$ 59,955
Adjustments	<u>-</u>
Net capital reported on audited supplemental information	<u>\$ 59,955</u>

No material differences exist between Audited Net Capital and amounts reported on form X-17A-5.

## **OTHER REPORTS**



Britts & Associates L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS  
A Registered Limited Liability Partnership

To the Board of Directors  
Ehrenberg Chesler Securities, Inc.  
San Antonio, Texas

In planning and performing our audit of the financial statements and supplemental information of Ehrenberg Chesler Securities, Inc. for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Ehrenberg Chesler Securities, Inc.'s internal control over financial reporting to include 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. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

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 a combination thereof, 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 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. However, we identified the following deficiencies in internal control that we did not consider to be a material weaknesses.

The source of information is not adequate to document the system of internal control.

Management of the Company does not have the proficiency to prepare the financial statements in accordance with generally accepted accounting principles.

3201 Cherry Ridge, Suite A104  
San Antonio, Texas 78230  
(210)735-9101 Fax (210)735-9104

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, 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 these specified parties.

*Burd & Associates LLP*

February 27, 2008

**END**

3201 Cherry Ridge, Suite A104  
San Antonio, Texas 78230  
(210)735-9101 Fax (210)735-9104