

SEC  
Mail Processing  
Section  
FEB 26 2008  
Washington, DC  
105

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



09057591

QMB APPROVAL  
QMB Number: 3235-0123  
Expires: February 28, 2010  
Estimated average burden  
hours per response: . . . . 12.00

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

SEC FILE NUMBER  
8-18396

**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, 2008 AND ENDING DECEMBER 31, 2008  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER DEALER: **BACHER & CO., INC.**

OFFICIAL USE ONLY

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

FIRM ID. NO.

**6 B CAY HARBOR**

(No. and Street)

**KEY LARGO**

**FLORIDA**

**33037**

(City)

(State)

(Zip Code)

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

**MR. FRED BACHER**

**305-367-4400**

(Area Code - Telephone No.)

**B. ACCOUNTANT DESIGNATION**

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

**OHAB AND COMPANY, PA**

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

**100 E. SYBELIA AVENUE, SUITE 130, MAITLAND**

**FLORIDA**

**32751**

(Address and City)

(State)

(Zip Code)

CHECK ONE:

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

**PROCESSED**

**MAR 12 2009**

**THOMSON REUTERS**

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual audit 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).

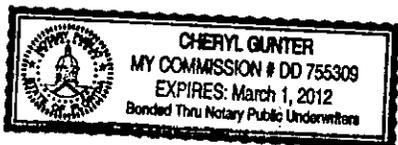
Potential persons who are to respond to the collection of information contained in this form are required to respond unless the form displays a current valid OMB control number.

SEC 1410 (06-02)

THA  
3/15

OATH OR AFFIRMATION

I, FRED BACHER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm or BACHER & CO., INC., as of December 31, 2008 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:



*[Handwritten Signature]*

Signature

**PRESIDENT**

Title

*[Handwritten Signature]*  
Public Notary

This report\*\* contains (check all applicable boxes);

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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 15c3-1.
- (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 STPC 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).

**BACHER & COMPANY, INC.**

Key Largo, Florida

December 31, 2008

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

**BACHER & CO. INC.**

**TABLE OF CONTENTS**

---

<b>Independent Auditors' Report</b>	<b>1</b>
<b>Financial Statements</b>	
Statements of Financial Condition	2
Statements of Operations	3
Statements of Stockholder's Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 8
<b>Supplemental Information</b>	
Computation of Net Capital and Aggregate Indebtedness Under Rule 15c3-1 of the Securities and Exchange Commission	9
Independent Auditors' Supplementary Report on Internal Accounting Control	10 - 11

# Ohab and Company, P.A.

100 East Sybelia Avenue, Suite 130  
Maitland, FL 32751

Certified Public Accountants  
E-Mail ohabco@earthlink.net

407-740-7311  
FAX 740-6441

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Bacher & Company, Inc.  
Key Largo, Florida

We have audited the accompanying statements of financial condition of Bacher & Company, Inc. as of December 31, 2008 and the related statements of operations, stockholder's 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, evidenced 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 provide 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 Bacher & Company, Inc. as of December 31, 2008 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 information contained in the schedule presented on page 9 is presented for purposes of additional analysis and is not required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act or 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.

*Ohab and Company, P.A.*

Maitland, Florida  
February 23, 2009

**BACHER & COMPANY, INC.**

**STATEMENT OF FINANCIAL CONDITION**

December 31, 2008

**ASSETS**

**Current assets:**

Cash and cash equivalents	\$ 5,800
Securities owned	453,569
Commissions receivable	18,282
<b>Total assets</b>	<b>\$ 477,651</b>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**Current liabilities:**

Accrue expenses	\$ 4,166
<b>Total current liabilities</b>	<b>4,166</b>

**Stockholder's equity:**

Common stock, voting, \$1 par value per share; 7,500 shares authorized, 1,000 issued and outstanding	1,000
Additional paid-in capital	684,110
Retained earnings	(211,625)
	<u>473,485</u>
<b>Total liabilities and stockholder's equity</b>	<b>\$ 477,651</b>

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

**BACHER & COMPANY, INC.**  
**STATEMENT OF OPERATIONS**  
For the Year Ended December 31, 2008

**Revenues:**

Commissions and fees	\$ 188,142
Unrealized losses on dealer inventory	(249,626)
Dividends and interest income	<u>14,211</u>
<b>Total revenues</b>	<b><u>(47,273)</u></b>

**Expenses:**

Clearing cost and ticket services	57,037
Communications	8,679
Promotional expenses	19,286
Occupancy	10,074
Regulatory	2,340
Insurance	9,695
Other expenses	<u>36,519</u>
<b>Total expenses</b>	<b><u>143,630</u></b>
<b>Net loss</b>	<b><u><u>\$ (190,903)</u></u></b>

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

**BACHER & COMPANY, INC.**

**STATEMENTS OF STOCKHOLDER'S EQUITY**  
For the Year Ended December 31, 2008

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
<b>Balances, December 31, 2007</b>	1,000	\$ 1,000	\$ 684,110	\$ 39,703	\$ 724,813
Shareholder distributions				(60,425)	(60,425)
Net income (loss)				(190,903)	(190,903)
<b>Balances, December 31, 2008</b>	<u>1,000</u>	<u>\$ 1,000</u>	<u>\$ 684,110</u>	<u>\$ (211,625)</u>	<u>\$ 473,485</u>

The accompanying notes are an integral part of these financial statements

**BACHER & COMPANY, INC.**

**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2008

	<u>2008</u>
<b>Cash flows from operating activities:</b>	
Net income (loss)	\$ (190,903)
Adjustments to reconcile net income to net cash flows from operating activities:	
Changes in operating assets and liabilities	
Commissions receivable	4,514
Accrued expenses	(2,418)
<b>Net cash provided by operating activities</b>	<u>(188,807)</u>
<b>Cash flows from investing activities:</b>	
Marketable securities	249,626
<b>Net cash provided by investing activities</b>	<u>249,626</u>
<b>Cash flows from financing activities:</b>	
Shareholder distributions	(60,425)
<b>Net cash used in financing activities</b>	<u>(60,425)</u>
Net increase (decrease) in cash and cash equivalents	394
<b>Cash and cash equivalents at beginning of period</b>	<u>5,406</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 5,800</u>

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

**BACHER & COMPANY, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

**Note 1 – Summary of Significant Accounting Policies**

*Nature of Business*

Bacher & Company, Inc. ("the Company") is a securities broker-dealer, registered with the Securities Exchange Commission ("SEC"), a member of the Financial Industry Regulatory Authority ("FINRA"), and a member of the Securities Investor Protection Corporation ("SIPC"). The Company was incorporated on December 11, 2000 and began operations on January 1, 2001. The Company's brokerage activity is transacted on a fully disclosed basis through a clearing broker.

The Company's commission income is substantially derived from purchases and sales of securities on behalf of related parties. The Company does not engage in proprietary trading activities.

As is typical in the industry, the Company engages in activities with various financial institutions and brokers. In the event these counter parties do not fulfill their obligations, the Company may be exposed to risks.

*Estimates*

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Cash and Cash Equivalents*

For purposes of reporting the statement of cash flows, the Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash balances in excess of FDIC and similar insurance coverage are subject to the usual banking risks associated with funds in excess of those limits. At December 31, 2008, the Company had no uninsured cash balances.

*Income Taxes*

The Company, with the consent of its shareholder, has elected under the Internal Revenue Code to be an S corporation for both federal and state income tax purposes. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

*Securities and Transactions and Valuations*

Securities transactions and related commission income and expenses are recorded on a settlement basis and adjusted to a trade date basis when there is a material difference between the settlement date and trade date basis.

Investments in marketable securities are valued at market. Securities not readily marketable are valued at fair value as determined by management. Unrealized gains and losses are recorded on a current basis.

## BACHER & COMPANY, INC.

### NOTES TO FINANCIAL STATEMENTS December 31, 2008

#### *Recent accounting pronouncements*

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and financial Liabilities ("SFAS 159"). SFAS 159 provides the Company with an option to report selected financial assets and liabilities at fair value. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. Management is in the process of evaluating the impact of SFAS 159 and does not anticipate it will have a material effect on the Company's financial condition or results of operations.

In May 2008, the FASB issued FAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" which identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in the United States (the GAAP hierarchy). This statement is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles". The Company does not expect that the adoption of this pronouncement will have a significant impact on its financial condition, results of operations and cash flows.

In April 2008, the FASB issued Financial Staff Position 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP 142-3") which amends the factors that must be considered when developing renewal or extension assumptions used to determine the useful life over which to amortize the cost of a recognized intangible asset under FAS 142, "Goodwill and Other Intangible Assets." This statement amends paragraph 11(d) of FAS 142 to require an entity to consider its own assumptions about renewal or extension of the term of the arrangement, consistent with its expected use of the asset. This statement is effective for financial statements in fiscal years beginning after December 15, 2008. The Company does not expect that the adoption of this pronouncement will have a significant impact on its financial condition, results of operations or cash flows.

#### **Note 2 – Securities Owned**

At December 31, 2008, the market value of company owned marketable securities was \$453,569. Marketable securities primarily consist of corporate stocks, which are actively traded.

#### **Note 3 – Net Capital Requirements**

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 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash distributions paid, if the resulting net capital ratio would exceed 10 to 1. Net capital and related net capital ratio fluctuate on a daily basis. As of December 2008, the net capital ratio was .01 to 1 and net capital was \$397,067, which exceeded the minimum requirement by \$392,067.

The Company's brokerage activity is transacted on a fully disclosed basis through Bear, Stearns Securities Corp. (the "Clearing Broker") and, accordingly, operates under the exemptive provisions of SEC Rule 15c3-3k (2) (II).

**BACHER & COMPANY, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

**Note 4 – Financial Instruments with Off-Balance Sheet Risk and Concentrations of Credit Risk**

The Company's customer securities activities are transacted on either a cash or margin basis. In margin transactions, the Company's Clearing Broker extends credit to the customer, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the customer's account. As a result of guaranteeing customer margin balances carried by the Clearing Broker, the Company may be exposed to off-balance sheet risk in the event margin requirements are not sufficient to fully cover losses the customer may incur. At December 31, 2008, margin accounts guaranteed by the Company guaranteed by the Company were not material.

The Company is also exposed to off-balance sheet risk of loss on transactions during the period from the trade date to the settlement date, which is generally three business days. If the customer fails to satisfy its contractual obligations to the Clearing Broker, the Company may have to purchase or sell financial instruments at prevailing market prices in order to fulfill the customer's obligations. Settlement of these transactions is not expected to have a material effect on the Company's financial position.

The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and the Clearing Broker's guidelines. The Company monitors required margin levels daily and, pursuant to such guidelines, require customers to deposit additional collateral, or to reduce positions, when necessary.

The Company maintains cash and other deposits with banks and brokers, and, at times, such deposits exceed applicable insurance limits. The Company reduces its exposure to credit risk by maintaining such deposits with high quality financial institutions.

**Note 5 – Indemnifications**

In the normal course of its business, the Company indemnifies and guarantees certain providers, such as clearing and custody agents, trustees and administrators, against specified potential losses in connection with their acting as an agent of, or providing services to the Company or its affiliates. The Company also indemnifies some clients against potential losses incurred in the event specified third-party service providers, including sub-custodians and third-party brokers, improperly execute transactions. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the company believes that it is unlikely it will have to make material payments under these arrangements, and it has not recorded any contingent liability in the financial statements for these indemnifications.

COMPUTATION OF NET CAPITAL AND AGGREGATE INDEBTEDNESS UNDER  
RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION  
As of December 31, 2008

---

Total stockholder's equity		\$ 473,485
Haircuts		
Other securities	\$ 68,035	
Undue concentration	8,383	76,418
		<u>76,418</u>
Net capital		<u>\$ 397,067</u>

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

Total liabilities from statement of financial condition	<u>\$ 4,166</u>
---	-----------------

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

Minimum net capital requirement	<u>\$ 5,000</u>
Excess net capital at 1,500 percent	<u>\$ 392,067</u>
Excess net capital at 1,000 percent	<u>\$ 396,649</u>
Ratio: Aggregate indebtedness to net capital	<u>.01 to 1</u>

There was no material discrepancies existing between the above computation and the computation included in the Company's corresponding unaudited Form 17A-5 Part IIA filing. Accordingly, no reconciliation is deemed necessary.

# Ohab and Company, P.A.

100 East Sybelia Avenue, Suite 130  
Maitland, FL 32751

Certified Public Accountants  
E-Mail ohabco@earthlink.net

407-740-7311  
FAX 740-6441

## INDEPENDENT AUDITORS' SUPPLEMENTARY REPORT ON INTERNAL ACCOUNTING CONTROL

Board of Directors  
Bacher & Company, Inc.  
Key Largo, Florida

In planning and performing our audit of the financial statements and supplemental schedule of Bacher & Company, Inc. for the year ended December 31, 2008, 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 the internal control structure.

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 (or aggregate debits) 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 securities 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 and recordation of differences required by rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15c3-3.

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 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 accordance 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 inherent limitations in internal control or the practices and procedures referred to above, errors 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 the 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, 2008 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC 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.

*Ohler and Company, P.A.*

Maitland, Florida  
February 23, 2009