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**ANNUAL AUDITED REPORT
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PART III**

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**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 01/01/08 AND ENDING 12/31/08
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Feltl and Company, Inc.

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

225 South Sixth Street Suite 4200

(No. and Street)

Minneapolis

(City)

Minnesota

(State)

55402

(Zip Code)

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

Michael Schierman

612.492.8881

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Wipfli LLP

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

4000 Lexington Avenue North St, Paul

(Address)

Minnesota

(State)

55126

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

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

FOR OFFICIAL USE ONLY

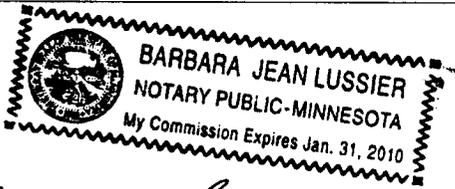
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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, Michael Schierman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Feltl and Company, 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:



Barbara J Lussier
Notary Public

Michael B Schierman
Signature
CFO
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).

Feltl and Company, Inc.

Financial Statements and Additional Information

Years Ended December 31, 2008 and 2007

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Independent Auditor's Report

Board of Directors
Feltl and Company, Inc.
Minneapolis, Minnesota

We have audited the accompanying balance sheets of Feltl and Company, Inc. as of December 31, 2008 and 2007, and the related statements of operations, stockholders' equity, and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits 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 audits 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 Feltl and Company, Inc. as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the schedule on page 16 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 our 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.

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP

February 20, 2009
St. Paul, Minnesota

Feltl and Company, Inc.

Balance Sheets

December 31, 2008 and 2007

<i>Assets</i>	2008	2007
Assets:		
Cash and cash equivalents	\$ 5,419,624	\$ 7,692,774
Broker loans receivable	2,020,598	2,390,078
Securities owned, at market	2,262,407	746,676
Receivables from brokers, dealers, and others	367,933	408,275
Furniture and equipment, at cost (net of depreciation of \$437,167 and \$347,566 in 2008 and 2007, respectively)	82,953	170,085
Prepaid expenses and other assets	66,907	66,758
TOTAL ASSETS	\$ 10,220,422	\$ 11,474,646
<i>Liabilities and Stockholders' Equity</i>		
Liabilities:		
Accrued employee compensation and benefits	\$ 355,035	\$ 725,864
Amount due clearing firm, secured by securities owned	128,671	54,408
Accounts payable	293,970	89,414
Securities sold, not yet purchased, at market	7,986	7,494
Accrued expenses and other liabilities	140,985	77,221
Total liabilities	926,647	954,401
Stockholders' equity:		
Common stock of \$1.00 par value		
Authorized - 1,000 shares		
Issued and outstanding - 528 shares	528	528
Additional paid-in capital	2,363,177	2,363,177
Retained earnings	6,930,070	8,156,540
Total stockholders' equity	9,293,775	10,520,245
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 10,220,422	\$ 11,474,646

See accompanying notes to financial statements.

Feltl and Company, Inc.

Statements of Operations

Years Ended December 31, 2008 and 2007

	2008	2007
Revenue:		
Commissions	\$ 12,472,605	\$ 13,706,370
Investment banking fees	468,642	1,348,104
Firm trading profit	36,475	408,837
Interest	731,902	966,883
Corporate finance fees	258,414	951,024
Other income	363,718	471,663
Total gross revenues	14,331,756	17,852,881
Interest expense	986	686
Net revenues	14,330,770	17,852,195
Noninterest expenses:		
Employee compensation and benefits	11,820,083	13,196,560
Communication	848,213	1,031,437
Occupancy	1,363,548	1,152,324
Legal and professional fees	301,334	128,565
Trade processing	508,356	516,510
Other expenses	465,706	554,897
Total noninterest expenses	15,307,240	16,580,293
Net income (loss)	\$ (976,470)	\$ 1,271,902

See accompanying notes to financial statements.

Feltl and Company, Inc.

Statements of Stockholders' Equity

Years Ended December 31, 2008 and 2007

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-In Capital	Earnings	Stockholders' Equity
Balances at January 1, 2007	528	\$ 528	\$ 2,363,177	\$ 7,134,638	\$ 9,498,343
Net income	-	-	-	1,271,902	1,271,902
Distributions to stockholders	-	-	-	(250,000)	(250,000)
Balances at December 31, 2007	528	528	2,363,177	8,156,540	10,520,245
Net loss	-	-	-	(976,470)	(976,470)
Distributions to stockholders	-	-	-	(250,000)	(250,000)
Balances at December 31, 2008	528	\$ 528	\$ 2,363,177	\$ 6,930,070	\$ 9,293,775

See accompanying notes to financial statements.

Feltl and Company, Inc.

Statements of Cash Flows

Years Ended December 31, 2008 and 2007

	2008	2007
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Net income (loss)	\$ (976,470)	\$ 1,271,902
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	89,601	78,100
Amortization of broker loans receivable	714,703	598,016
Changes in operating assets and liabilities:		
Securities owned, at market	(1,515,731)	326,288
Receivables from brokers, dealers, and others	39,428	(70,815)
Prepaid expenses and other assets	766	(9,694)
Accrued employee compensation and benefits	(370,829)	17,945
Accounts payable	204,556	6,060
Other liabilities	138,518	(56,722)
Total adjustments	(698,988)	889,178
Net cash provided by (used in) operating activities	(1,675,458)	2,161,080
Cash flows from investing activities:		
Purchase of furniture and equipment	(2,469)	(86,917)
Net issuance of broker loans	(345,223)	(1,210,159)

Feltl and Company, Inc.

Statements of Cash Flows (Continued)

Years Ended December 31, 2008 and 2007

	2008	2007
Increase (decrease) in cash and cash equivalents: (continued)		
Cash flows from financing activities:		
Distributions	\$ (250,000)	\$ (250,000)
Net change in cash and cash equivalents	(2,273,150)	614,004
Cash and cash equivalents at beginning	7,692,774	7,078,770
Cash and cash equivalents at end	\$ 5,419,624	\$ 7,692,774
Supplemental cash flow information:		
Cash paid during the year for:		
Interest	\$ 986	\$ 686

Feltl and Company, Inc.

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies**

Principal Business Activity

Feltl and Company, Inc (the "Company") is registered as a broker-dealer in securities with the Financial Industry Regulatory Authority (FINRA) and the Securities and Exchange Commission (SEC). The Company engages in the business of acting as a dealer, market maker, investment banker, and providing brokerage services with respect to equity and other securities. The Company does not carry securities accounts for customers or perform custodial functions relating to customer securities and, accordingly, is exempt from SEC Rule 15c3-3. All securities transactions are cleared through a clearing broker on a fully disclosed basis. The Company is required to maintain a minimum balance of \$600,000 in cash and receivable accounts with the clearing broker to collateralize certain transactions.

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenue, and expenses. Actual results may differ from these estimates.

Cash Equivalents

Cash and cash equivalents consist of demand deposits and certificate of deposits. The Company considers all highly liquid investments with maturities of less than three months to be cash and cash equivalents.

Feltl and Company, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Securities Owned and Securities Sold, Not Yet Purchased

Securities transactions and related revenues and expenses are recorded on a trade date basis. Securities owned and securities sold, not yet purchased, are stated at market value with related changes in unrealized gains or losses reflected in the firm trading profit. All securities owned and securities sold, not yet purchased, are U.S. equity securities. Market value is generally based on listed market prices. If listed market prices are not available, fair value is determined based on other relevant factors, including broker or dealer price quotations. Securities sold, not yet purchased, represent obligations to deliver specified securities at predetermined prices. The Company is obligated to acquire the securities sold short at prevailing market prices in the future to satisfy these obligations.

All securities owned are pledged to the clearing broker on terms which permit the clearing broker to sell or repledge the securities to others subject to certain limitations.

Revenue Recognition

The Company recognizes commission revenues and related expenses on trade date. Commission revenues and related expenses from the sale of private placements and other corporate finance transactions are recognized on closing date. A portion of the Company's commission revenues have been allocated from firm trading profit in the form of sales credits allocated from the Company's traders to the Company's brokers.

The Company's Retail Registered Representatives ("RRR") are independent contractors. As independent contractors, employment taxes and benefits are the responsibility of the RRR. Generally, RRRs are paid 50% to 60% of their adjusted gross commissions, based upon their monthly gross commissions. Adjusted gross commissions represent gross commissions, less direct clearing costs, employee trades, and an amount for other heavily discounted trades.

Feltl and Company, Inc.

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Revenue Recognition (Continued)

Commission or fees for principal and agency trades, managed money, mutual funds, insurance products, fixed-income products and mortgage-backed securities are included in adjusted gross commissions. Commissions for private placements are not included in adjusted gross commissions and are paid at a lower rate plus an allocated amount for warrants, when available.

The Company's Institutional Registered Representatives are considered employees, receive a lower percentage of gross commissions than a RRR, and are reimbursed by the Company for their direct expenses.

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code and comparable state regulations. Under these provisions, the Company generally does not pay federal or state corporate income taxes on its taxable income. Instead, the stockholders report on their personal income tax returns their proportionate share of the Company's taxable income and tax credits. Retained earnings at December 31, 2008, includes approximately \$6,916,000 of undistributed income which has been taxed on the stockholders' personal income tax returns.

Furniture and Equipment

Depreciation on furniture and equipment is provided using double declining balance method over the estimated useful lives of the assets, ranging from three years to five years.

Broker Loans Receivable

Included in brokers loans receivable are forgivable loans made to investment executives and other revenue-producing brokers, typically in connection with recruitment. Such forgivable loans are amortized as compensation expense over the life of the note, generally six months to five years, using the straight line method.

Feltl and Company, Inc.

Notes to Financial Statements

Note 2 Receivables from Brokers, Dealers, and Others

Included in the receivables from brokers, dealers, and others are unsettled inventory trades. The Company's principal source of short-term financing is provided by the clearing broker from which it can borrow on an uncommitted basis against its inventory positions, subject to collateral maintenance requirements.

The Company conducts business with brokers and dealers who are members of the major securities exchanges. The Company monitors the credit standing of such brokers and dealers, and the market value of collateral, and requests additional collateral as deemed appropriate.

Note 3 Commissions

Included in securities commissions are \$2,059,290 and \$3,221,924 for the years ended December 31, 2008 and 2007, respectively, of sales credits related to securities the Company make a market in, which are allocated to the Company's brokers from the Company's traders.

Note 4 Financial Instruments with Off-Balance Sheet Risk

In the ordinary course of business, the Company's securities activities involve execution, settlement, and financing of various securities transactions as principal and agent. These activities may expose the Company to credit and market risks in the event customers, other brokers and dealers, banks, depositories, or clearing organizations are unable to fulfill contractual obligations. Such risks may be increased by volatile trading markets. The Company clears all transactions for its customers on a fully disclosed basis with a clearing firm that carries all customer accounts and maintains related records. Nonetheless, the Company is liable to the clearing firm for the transactions of its customers. These activities may expose the Company to off-balance sheet risk in the event that a counterparty is unable to fulfill its contractual obligations. The Company maintains all of its securities owned at a clearing firm, and these securities owned collateralize amounts due to the clearing firm.

Feltl and Company, Inc.

Notes to Financial Statements

Note 5 Concentration of Credit Risk

The Company maintains its cash in demand deposit and certificates of deposit accounts at various financial institutions. The balances, at times, may exceed federally insured limits. At December 31, 2008 and 2007, the Company exceeded the insured limits by approximately \$2,330,000 and \$5,048,000, respectively.

Note 6 Leases

The Company leases office space and various items of equipment under noncancelable operating leases generally varying from one to five years with certain renewal options for like terms. The Company incurred rent expense of \$1,363,500 and \$1,152,300 during 2008 and 2007, respectively.

Future minimum payments, by year and in the aggregate, under the noncancelable operating leases with initial or remaining terms in excess of one year consisted of the following:

	Operating Leases
2009	\$ 766,753
2010	348,362
2011	149,638
Total minimum lease payments	<u>\$ 1,264,753</u>

Note 7 Retirement Plan

The Company sponsors a 401(k) profit sharing covering substantially all employees. Employees are allowed to make voluntary contributions to the plan. The Company may make discretionary contributions to the plan at the discretion of the Board of Directors. Retirement plan expense charged to operations was \$120,855 and \$143,000 for 2008 and 2007, respectively.

Feltl and Company, Inc.

Notes to Financial Statements

Note 8 Regulatory Requirements

The Company is subject to the net capital requirements of FINRA and the Uniform Net Capital requirements of the SEC under Rule 15c3-1. FINRA and the SEC requirements also provide that equity capital may not be withdrawn or cash dividends paid if certain minimum net capital requirements are not met. At December 31, 2008, the Company had regulatory net capital of \$7,010,266 which was \$6,760,266 in excess of its required net capital of \$250,000. The Company's aggregate indebtedness to net capital ratio was .13 to 1.0. At December 31, 2007, the Company had regulatory net capital of \$7,769,524 which was \$7,519,524 in excess of its required net capital of \$250,000. The Company's aggregate indebtedness to net capital ratio was .12 to 1.0.

Note 9 Commitments and Contingencies

The Company may be involved from time to time in various claims and legal proceedings of a nature considered normal to its business dealings. While any proceeding or litigation has an element of uncertainty, management of the Company believes that the outcome of any pending or threatened actions will not have a material adverse effect on the business or financial condition of the Company.

The Company extends margin credit to its customers through its clearing broker. In the event of a customer no-pay or default margin account, the Company is responsible for covering the shortage. All shortages may be paid through liquidation of customer securities held. At December 31, 2008 and 2007, there were no customer commitments that were in default.

The Company engages in underwriting activities and enters into firm commitments with certain customers for initial public offerings. Once an initial public offering starts trading on the open market, the Company is liable for funding all shares under the firm commitment. As of December 31, 2008 and 2007 there were no outstanding firm commitments with customers.

Additional Information



Independent Auditor's Report on Internal Controls

Board of Directors
Feltl and Company, Inc.
Minneapolis, Minnesota

In planning and performing our audit of the financial statements of Feltl and Company, Inc. as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included 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.

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 conformity with accounting principles generally accepted in the United States. 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.

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 combination of significant deficiencies, 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 was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and 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.

Wipfli LLP

Wipfli LLP

February 20, 2009
St. Paul, Minnesota

Feltl and Company, Inc.

Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission December 31, 2008 and 2007

	2008	2007
Net Capital:		
Total stockholders' equity	\$ 9,293,775	\$ 10,520,245
Deductions and/or charges:		
Nonallowable assets:		
Employee loans receivable	2,020,598	2,390,078
Prepaid expenses and other assets	66,907	66,758
Furniture and equipment	82,953	170,085
Total nonallowable assets	2,170,458	2,626,921
Net capital before haircuts on securities positions	7,123,317	7,893,324
Haircuts on securities	113,050	123,800
Net capital	\$ 7,010,267	\$ 7,769,524
Aggregate Indebtedness:		
Items included in the balance sheet:		
Accounts payable	\$ 293,970	\$ 89,414
Accrued expenses and other liabilities	624,691	857,493
Total aggregate indebtedness	\$ 918,661	\$ 946,907
Computation of basic net capital requirement:		
Minimum net capital required, <i>greater of</i> :		
6.67% of aggregate indebtedness	\$ 61,244	\$ 63,127
Minimum dollar requirement	250,000	250,000
Net capital requirement	\$ 250,000	\$ 250,000
Excess net capital	\$ 6,760,267	\$ 7,519,524
Ratio: Aggregate indebtedness to net capital	.13 to 1	.12 to 1

There were no material differences between the audited Computation of Net Capital included in this report and the corresponding schedule included in the Company's amended unaudited December 31, 2008, Part IIA FOCUS filed in February 2009.

Feltl and Company, Inc.

Minneapolis, Minnesota

Financial Statements and Additional Information

Years Ended December 31, 2008 and 2007