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SEC Investment Processing Section

FEB 23 2011

Washington, DC 110

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

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

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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 01/01/2010 AND ENDING 12/31/2010 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Financial Northeastern Securities, Inc.

OFFICIAL USE ONLY

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

FIRM I.D. NO.

100 Passaic Avenue

(No. and Street)

Fairfield

(City)

New Jersey

(State)

07004

(Zip Code)

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

Sandra Lin Kiss (973) 882-9337

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

ParenteBeard LLC

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

100 Walnut Street, Suite 200

(Address)

Clark

(City)

New Jersey

(State)

07066

(Zip Code)

CHECK ONE:

- [X] 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)

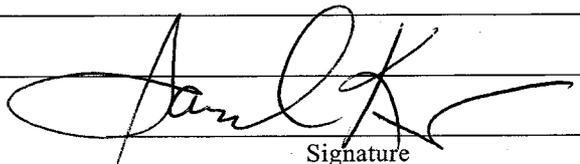
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OATH OR AFFIRMATION

I, Sandralin Kiss, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Financial Northeastern Securities, Inc., as of December 31, 2010, 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:

JANE V. RIORDAN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires March 12, 2014


Signature

Executive Vice President, COO
Title


Notary Public

18th day of February, 2011

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).

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**Financial Northeastern
Securities, Inc.**

Financial Statements

December 31, 2010

Financial Northeastern Securities, Inc.

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December 31, 2010

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Independent Auditors' Report

Stockholders of
Financial Northeastern Securities, Inc.

We have audited the accompanying statement of financial condition of Financial Northeastern Securities, Inc. (the "Company") as of December 31, 2010, and the related statements of income, changes in stockholders' 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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 Financial Northeastern Securities, Inc. as of December 31, 2010, 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.

ParenteBeard LLC

Clark, New Jersey
February 11, 2011

Financial Northeastern Securities, Inc.

Statement of Financial Condition
December 31, 2010

Assets

Assets

| | |
|---------------------------------|---------------|
| Cash and cash equivalents | \$ 8,852,985 |
| Receivables from customers, net | 2,866,877 |
| Investments | 3,756,950 |
| Property and equipment, net | 347,513 |
| Other assets | 124,915 |
| Due from affiliate | 142,678 |
| | <hr/> |
| Total assets | \$ 16,091,918 |

Liabilities and Stockholders' Equity

Liabilities

| | |
|---------------------------------------|------------|
| Accounts payable and accrued expenses | \$ 713,415 |
| Dividends payable | 160,001 |
| Firm inventory - short | 31,317 |
| Payable to clearing brokers | 9,643 |
| | <hr/> |
| Total liabilities | 914,376 |

Stockholders' Equity

| | |
|--|---------------|
| Common stock, no par value, 2,500 shares authorized, 20 shares issued and outstanding | 1,000 |
| Paid-in capital in excess of stated value | 3,077,130 |
| Retained earnings | 12,099,412 |
| | <hr/> |
| Total stockholders' equity | 15,177,542 |
| | <hr/> |
| Total liabilities and stockholders' equity | \$ 16,091,918 |

See notes to financial statements

Financial Northeastern Securities, Inc.

Statement of Income
Year Ended December 31, 2010

Revenues

| | |
|---|---------------|
| Principal transactions | \$ 10,537,981 |
| Underwriting of certificates of deposit | 8,307,897 |
| Spread sales on certificates of deposit | 2,516,320 |
| Commissions | 894,320 |
| Selling groups | 682,591 |
| Other income | 177,712 |
| Interest | 16,306 |

Total revenues 23,133,127

Expenses

| | |
|---|------------|
| Employee compensation and benefits | 13,066,696 |
| Floor brokerage, exchange, and clearance fees | 1,614,099 |
| Other general and administrative expenses | 1,642,175 |
| Communications and data processing | 348,995 |
| Rent expense | 396,868 |
| Interest | 46,184 |

Total expenses 17,115,017

Net Income \$ 6,018,110

See notes to financial statements

Financial Northeastern Securities, Inc.

Statement of Changes in Stockholders' Equity
Year Ended December 31, 2010

| | Common Stock | | Paid-in Capital in Excess of Stated Value | Retained Earnings | Totals |
|-------------------------------|--------------|-----------------|---|----------------------|----------------------|
| | Shares | Amounts | | | |
| Balance, beginning of year | 20 | \$ 1,000 | \$ 3,077,130 | \$ 10,094,502 | \$ 13,172,632 |
| Net income | - | - | - | 6,018,110 | 6,018,110 |
| Distributions to stockholders | - | - | - | (4,013,200) | (4,013,200) |
| Balance, end of year | <u>20</u> | <u>\$ 1,000</u> | <u>\$ 3,077,130</u> | <u>\$ 12,099,412</u> | <u>\$ 15,177,542</u> |

See notes to financial statements

Financial Northeastern Securities, Inc.

Statement of Cash Flows
Year Ended December 31, 2010

Cash Flows from Operating Activities

| | |
|---|------------------|
| Net income | \$ 6,018,110 |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation | 165,549 |
| Bad debt expense | 10,540 |
| Unrealized gains on investments | (64,616) |
| Change in the present value of receivables from customers | 27,519 |
| Changes in operating assets and liabilities: | |
| (Increase) decrease in: | |
| Receivables from customers | (929,240) |
| Due from affiliate | 11,968 |
| Investments | (949,289) |
| Other assets | 26,674 |
| Increase (decrease) in: | |
| Accounts payable and accrued expenses | (245,201) |
| Payable to clearing brokers | (33,858) |
| Firm inventory - short | 12,717 |
| Net cash provided by operating activities | <u>4,050,873</u> |

Investing Activities

| | |
|---------------------------------------|-----------------|
| Purchases of property and equipment | <u>(99,641)</u> |
| Net cash used in investing activities | <u>(99,641)</u> |

Financing Activities

| | |
|---------------------------------------|--------------------|
| Distributions to stockholders' | <u>(4,163,200)</u> |
| Net cash used in financing activities | <u>(4,163,200)</u> |

Net Decrease in Cash and Cash Equivalents

(211,968)

Cash and Cash Equivalents, Beginning

9,064,953

Cash and Cash Equivalents, Ending

\$ 8,852,985

Supplemental Disclosure of Cash Flow Information

| | |
|--------------------------------|---------------------|
| Cash paid during the year for: | |
| Interest | <u><u>\$ 30</u></u> |

Non-Cash Financing Activities Include the Following

| | |
|--|--------------------------|
| Decrease in distributions against dividend payable | <u><u>\$ 150,000</u></u> |
|--|--------------------------|

See notes to financial statements

Financial Northeastern Securities, Inc.

Notes to Financial Statements
December 31, 2010

1. Nature of Business

Financial Northeastern Securities, Inc. (the "Company") is a full-service broker-dealer to institutional investors, credit unions, and individual investors located throughout the United States. The Company is registered under the Securities and Exchange Act of 1934, and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company's operations consist primarily of engaging in principal transactions and underwriting certificates of deposit.

The Company is a fully disclosed broker-dealer and clears all securities transactions through an unaffiliated clearing broker. Therefore, the Company is exempt from Securities and Exchange Commission ("SEC") Rule 15c3-3. The Company does not carry customer accounts and is not required to make the periodic computation of reserve requirements for the exclusive benefit of customers.

The Company has evaluated subsequent events for recognition or disclosure through February 11, 2011, the date the financial statements were available to be issued.

2. Summary of Significant Accounting Policies

Basic of Accounting

The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which requires the use of the accrual method of accounting. Under this accounting method, revenues are recognized when earned and expenses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Estimates are based on several factors including the facts and circumstances available at the time the estimates are made, historical experience, risk of loss, general economic conditions and trends, and the assessment of the probable future outcome. Some of the more difficult, subjective and significant estimates include determinations of the useful lives of assets and present value assumptions. Estimates and assumptions are reviewed periodically, and the effects of changes, if any, are reflected in the statement of income in the period that they are determined.

Cash and Cash Equivalents

For purposes of the statement of financial condition and statement of cash flows, the Company considers all highly liquid investments, consisting mostly of certificates of deposit, which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents.

Financial Northeastern Securities, Inc.

Notes to Financial Statements
December 31, 2010

2. Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Company places its cash and cash equivalents with three financial institutions that have offices located in New Jersey and New York. Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and cash equivalents. The Company's cash and cash equivalents are placed with high credit quality financial institutions. At times, such balances may exceed federally insured limits of \$250,000 per financial institution for interest bearing accounts and is unlimited for non-interest bearing accounts. The Company has not experienced any losses in such accounts, and it believes it is not exposed to any significant credit risk on cash and cash equivalents.

Customer Receivables

Accounts receivable from customers are recorded at the present value of estimated cash flows on the date the receivable were established. The Company receives collections on its customer receivables based on the length of the certificates of deposit. The present value discounts on the customer receivables are computed using assumptions made by management of the Company regarding the market and ultimate collectability of the receivables. Uncollectible accounts receivable are charged to operations during the period they are determined to be uncollectible. The Company wrote-off \$10,540 during 2010. It is management's policy to review the outstanding accounts receivable from its customers as well as the bad debt write-off's and collections experienced in the past and current credit considerations to establish an allowance for doubtful accounts for potentially uncollectible accounts. At December 31, 2010, there was no allowance for doubtful accounts.

Customer receivables consist of the following:

| | |
|---|---------------------|
| Receivable in less than one year | \$ 1,569,639 |
| Receivable in more than one year | 1,399,972 |
| Less discounts to present value (ranging from 1% to 4%) | <u>(102,734)</u> |
| Total | <u>\$ 2,866,877</u> |

Investments

The Company's investments are comprised of certificates of deposit and marketable securities.

Investments in certificates of deposit and marketable securities are bought and held principally for the purpose of selling them in the near term and are classified as trading securities. Trading securities are measured at fair value in the accompanying statement of financial condition.

The Company uses the specific identification method in determining realized gains and losses recognized currently in other income in the statement of income. The unrealized gains and losses are reflected in revenues.

Financial Northeastern Securities, Inc.

Notes to Financial Statements
December 31, 2010

2. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. Expenditures for maintenance, repairs and betterments which do not materially prolong the normal useful life of an asset are charged to operations as incurred. Purchases of property and equipment and additions and betterments which substantially extend the useful life of the asset are capitalized at cost. Upon sale or other disposition of assets, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss, if any, is reflected in the statement of income. The Company provides for depreciation and amortization as follows:

| <u>Asset</u> | <u>Estimated Useful Life</u> | <u>Principle Method</u> |
|------------------------|------------------------------|-------------------------|
| Furniture and fixtures | 7 years | Straight-line |
| Office equipment | 3 -10 years | Straight-line |

Revenue Recognition from Securities Transactions

Underwriting of Certificates of Deposit Revenue

Underwriting revenues are derived from underwriting services provided on the purchase of certificates of deposit and are recorded in accordance with the terms of the respective underwriting agreements.

Principal Transactions Revenue

Principal transactions revenue is derived from the mark up or mark down on securities purchased and re-sold by the Company. Principal transactions and the related revenue are recorded on a settlement-date basis, which is not materially different from trade-date basis.

Spread Sales on Certificates of Deposit Revenue

Spread Sales on certificates of deposit is derived from the interest rate of a particular certificate of deposit sold to a customer. The customer receives a portion of the interest income based upon the net rate while the remaining portion is paid to the Company. Revenue is recognized on a settlement-date basis, which is not materially different from trade-date basis.

2. Summary of Significant Accounting Policies (Continued)

Commission Revenue

Commission revenues are derived from investment transactions where the Company acts as agent and are recognized on a settlement-date basis, which is not materially different from trade-date basis.

Selling Groups Revenue Participation

Revenue derived from participation in a selling group of corporate note programs and various other corporate underwritings is recognized in accordance with the terms of the respective note programs.

Income Taxes

As an "S" corporation, the Company is not subject to federal and New Jersey income taxes. The individual shareholders are responsible for the payment of income taxes on the Company's earnings. Accordingly, there is no provision for federal and New Jersey income tax in the accompanying financial statements.

The Company has adopted Financial Accounting Standards Board ("FASB") authoritative accounting guidance for uncertainty in income taxes and evaluated its tax positions. The adoption had no effect on the Company's financial statements. As of December 31, 2010, the Company did not have any open tax positions.

The Company's federal income tax return is no longer subject to examination by the federal taxing authority for the years before 2005.

The Company's New Jersey, Ohio and Florida income tax returns are no longer subject to examination by New Jersey, Ohio and Florida taxing authorities for the years before 2006 and 2005, respectively.

Distributions and Dividends Payable

The Company reimburses its stockholders for the individual income tax liability that will be incurred by the stockholders as a result of the "S" corporation elections. As of December 31, 2010, dividends payable was \$160,001. During 2010, the Company distributed \$4,013,200 to its stockholders toward the individual tax liabilities and other cash distributions.

Commissions Expense

Commissions are paid to various brokers based upon a percentage of sales on the settlement date and are paid at the end of the month following the settlement date.

Financial Northeastern Securities, Inc.

Notes to Financial Statements
December 31, 2010

2. Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements Affecting the Company:

Fair Value Measurements

In January 2010, the FASB issued authoritative guidance that requires new disclosures about recurring and nonrecurring fair-value measurements including significant transfers in and out of Level 1 and Level 2 fair-value measurements and a description of the reasons for the transfers. In addition, the standard requires new disclosures regarding activity in Level 3 fair value measurements, including information on purchases, sales, issuances, and settlements on a gross basis in the reconciliation of Level 3 fair-value measurements. The adoption of this guidance had no impact on the Company's financial statements.

3. Property and Equipment

Property and equipment consists of the following:

| | |
|---|-------------------|
| Furniture & fixtures | \$ 241,661 |
| Office equipment | <u>766,736</u> |
| Total | 1,008,397 |
| Accumulated depreciation and amortization | <u>(660,884)</u> |
| Net | <u>\$ 347,513</u> |

Depreciation expense for 2010 was \$165,549.

Financial Northeastern Securities, Inc.

Notes to Financial Statements
December 31, 2010

4. Investments

The Company measures its investments on a recurring basis at fair value.

Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible to the Plan for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 – Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 – Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

As of December 31, 2010, investments include various certificates of deposit maturing at dates through 2018 at interest rates ranging from 0.07% to 7.0%. These items were measured using the following inputs at December 31, 2010:

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|-------------------------|--|---|--|---------------------|
| Assets | | | | |
| Certificates of Deposit | \$ 3,748,416 | \$ | \$ | \$ 3,748,416 |
| Equity Securities | 8,534 | | | 8,534 |
| Total | <u>\$ 3,756,950</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,756,950</u> |

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies as of December 31, 2010

Certificates of Deposit: Valued based upon quoted prices from an exchange.

Equity Securities: Valued at the closing price reported on the active market on which the individual security is traded.

Financial Northeastern Securities, Inc.

Notes to Financial Statements
December 31, 2010

4. Investments (Continued)

The following schedule summarizes the investment return included in other income for 2010 on the statement of income:

| | |
|-------------------------|------------------|
| Unrealized gains | \$ 64,616 |
| Realized gains/(losses) | <u>(2,751)</u> |
| Total | <u>\$ 61,865</u> |

At December 31, 2010, the Company did not have any assets or liabilities whose fair value was measured using a Level 2 or Level 3 input.

5. Net Capital Requirement

The Company is subject to the Securities and Exchange Commission 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 may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2010, the Company had net capital of \$11,616,884, which was \$11,516,884 in excess of its required net capital of \$100,000.

6. Off-Balance Sheet Risk

The security transactions of the Company's customers are introduced on a fully disclosed basis with a clearing broker-dealer. The Company holds no customer funds or securities. The clearing broker-dealer is responsible for some execution, collection of and payment of funds, and receipt and delivery of securities relative to customer transactions. Off-balance-sheet risk exists with respect to these transactions due to the possibility that customers may be unable to fulfill their contractual commitments wherein the clearing broker-dealer may charge any related losses to the Company. The Company seeks to minimize this risk through procedures designed to monitor the creditworthiness of its customers and to ensure that the clearing broker-dealer executes customer transactions properly.

7. Related Party Transactions

Pursuant to an administrative annual cost sharing agreement, renewable on a year-to-year basis, the Company shares the cost of overhead expenses with an affiliated company through common ownership, Financial Northeastern Corporation (the "Affiliate"), based on relative sales levels. The shared overhead expenses pertain to rent, employee compensation and benefits, professional fees, utilities, travel and other miscellaneous expenses. As of December 31, 2010, the Company has prepaid such costs in the amount of \$142,678 toward 2011 shared costs. The Company incurred shared costs of \$3,006,252 for 2010 from the Affiliate representing 94% of the total expenses to be allocated.

Financial Northeastern Securities, Inc.

Notes to Financial Statements
December 31, 2010

8. Commitments and Contingencies

Operating Lease

An Affiliate of the Company has entered into various operating leases for office space located in New Jersey, Ohio and Florida through 2011 and 2016, respectively. The Affiliate has options to renew its office leases. Minimum annual lease payments subsequent to December 31, 2010 are as follows:

| | |
|---------------------------|-------------------|
| Years ending December 31: | |
| 2011 | \$ 273,067 |
| 2012 | 43,745 |
| 2013 | 45,057 |
| 2014 | 46,049 |
| 2015 | 47,801 |
| Thereafter | <u>16,412</u> |
| Total | <u>\$ 472,131</u> |

Rent expense under operating leases was \$396,868 during 2010. As described in Note 7, an agreement is in place whereby the Affiliate shares the cost relative to the office space leases. Also, see Note 10 Subsequent Events regarding lease amendments to the Company's New Jersey and Ohio office leases.

Legal

In July 2009, a former customer of the Company commenced an arbitration against the Company before the FINRA claiming breach of fiduciary duty, fraud, breach of contract and other claims seeking damages of approximately \$204,000. The Company has filed a counterclaim denying the allegations and seeking to recover the costs incurred by the Company to defend the claim. No discovery has been requested or exchanged by either party and legal council is of the opinion that the case against the Company lacks merit. Based on advise from legal council, management believes that an unfavorable outcome against the Company is not likely and will therefore have no material impact on the financial statements.

9. Pension Plans

Defined Contribution Pension Plan

The Company is a participating employer of a 401K plan that allows for pre-tax employee contributions and a discretionary employer match in addition to a discretionary employer profit sharing contribution. Eligible employees to benefit from employer contributions must meet certain age and service requirements. Full vesting is reached in year three after 33% vesting each in years one and two. Total expense for the defined contribution pension plan for 2010 was \$324,750.

Supplemental Executive Retirement Plan

An Affiliate established a non-qualified deferred compensation program and a Supplemental Executive Retirement Plan (SERP) in 2004, both of which were amended and restated effective January 1, 2007. Effective January 1, 2010, the Company has suspended contributions to the SERP Plan.

10. Subsequent Events

The Company is currently in the process of negotiating an amendment to its New Jersey office lease including extending the term of the lease for six years. The New Jersey lease currently expires on September 30, 2011. The Company expects the lease amendment to also contain incentives toward rent and improvements.

The Company also anticipates negotiating its Ohio office lease prior to its expiration of May 2011.