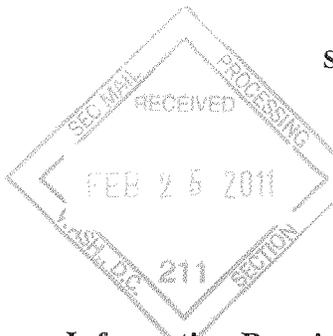




\* pls  
3/3



SECURITY 11017563 ON  
Washington, D.C. 20549

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: April 30, 2013  
Estimated average burden  
hours per response... 12.00

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

SEC FILE NUMBER  
8-53508

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 01/01/10 AND ENDING 12/31/10  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Indian Harbor, LLC**  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
**One River Road**

OFFICIAL USE ONLY  
FIRM I.D. NO.

(No. and Street)  
**Cos Cob** **CT** **06807-2755**  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
**Stephen McMenamin** **203-862-0400**  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
**McGladrey & Pullen LLP**

(Name - if individual, state last, first, middle name)  
**850 Canal Street, 4th Floor** **Stamford** **CT** **06902**  
(Address) (City) (State) (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)

mm

OATH OR AFFIRMATION

I, Stephen McMenam, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Indian Harbor, LLC, 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:

Laura Barrow  
Notary Public

[Signature]  
Signature  
Managing Partner  
Title

Laura Barrow  
Notary Public - Connecticut  
My Commission Expires  
April 30, 2014

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.
- (o) Independent auditor's report on internal control

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# INDIAN HARBOR, LLC

Statement of Financial Condition  
December 31, 2010

## Contents

---

<b>Independent Auditor's Report</b>	<b>1</b>
Financial Statement	
Statement of Financial Condition	2
Notes to Statement of Financial Condition	3 – 4



## Independent Auditor's Report

To the Members  
Indian Harbor, LLC  
Greenwich, Connecticut

We have audited the accompanying statement of financial condition of Indian Harbor, LLC (the "Company") as of December 31, 2010 that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Indian Harbor, LLC as of December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

*McGladrey & Pullen, LLP*

Stamford, Connecticut  
February 23, 2011

**INDIAN HARBOR, LLC**

**STATEMENT OF FINANCIAL CONDITION**  
**December 31, 2010**

---

**Assets**

Cash and cash equivalents	\$ 9,476,308
Fees receivable	6,699,325
Equipment and leasehold improvements - net of depreciation and amortization of \$533,103	343,508
Other assets	124,518
<b>Total assets</b>	<u><u>\$ 16,643,659</u></u>

**Liabilities and Members' Equity**

Compensation payable to members	\$ 6,085,709
Accrued commissions payable	845,237
Other accrued expenses	324,896
<b>Total liabilities</b>	<u>7,255,842</u>

Members' equity	9,387,817
<b>Total liabilities and members' equity</b>	<u><u>\$ 16,643,659</u></u>

See Notes to Statement of Financial Condition.

## INDIAN HARBOR, LLC

### NOTES TO STATEMENT OF FINANCIAL CONDITION December 31, 2010

---

#### **Note 1. Nature of Business and Significant Accounting Policies**

Nature of business: Indian Harbor, LLC (the "Company") is a broker-dealer registered with the Securities and Exchange Commission, and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). The Company's primary activity is to raise capital for private investment entities, one of which is affiliated with one of the Company's members (see Note 2). Its revenue is derived from placement fees and a share of continuing management and performance fees earned by the investment manager. The Company operates under the provisions of Paragraph (k)(2)(i) of Rule 15c3-3 of the SEC, and accordingly, is exempt from the remaining provisions of that rule including the requirement to make the reserve computations under Rule 15c3-3.

A summary of the Company's significant accounting policies follows:

Basis of accounting: The accompanying statement of financial condition has been prepared on the accrual basis of accounting.

Cash equivalents: Cash equivalents include highly liquid investments which are readily convertible into cash.

Income taxes: The Company is classified as a partnership for federal income tax purposes and, therefore, the financial statements do not include a provision for income tax.

Accounting estimates: The preparation of financial statements in accordance with generally accepted accounting principles 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Note 2. Concentrations**

The managing member and majority owner of the Company's major client is also a member of the Company. The major client accounted for 99% of total revenues earned during 2010 and 100% of fees receivable as of December 31, 2010.

Substantially all of the Company's cash and cash equivalents are held in an uninsured savings account at a major commercial bank and money market mutual funds at a major mutual fund company. Management does not expect any losses to result with respect to any of these concentrations.

#### **Note 3. 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. The Company has elected to use the alternative method permitted by the Rule, which requires that the Company maintain net capital, as defined, equal to \$250,000. Under certain circumstances, equity capital may not be withdrawn. At December 31, 2010, the Company had net capital of \$8,890,491, which was \$8,640,491 in excess of its required net capital of \$250,000.

**INDIAN HARBOR, LLC**

**NOTES TO STATEMENT OF FINANCIAL CONDITION, Continued**  
**December 31, 2010**

---

**Note 4. Commitments and Contingencies**

The Company leases office space from a related company at rates which the Company believes are fair market rental rates. The Company is obligated under a non-cancelable operating lease, with this related party, for office space expiring April 30, 2013. Total rent expense for 2010 was \$212,648. The aggregate minimum future payments under this lease, exclusive of required payments for increases in real estate taxes and operating costs, are payable as follows:

<u>Year ending December 31,</u>	
2011	\$ 223,840
2012	232,234
2013	78,344
	<u>\$ 534,418</u>

**Note 5. Employee Benefit Plan**

The Company maintains a defined contribution 401 (k) Retirement Savings and Profit Sharing Plan which covers substantially all eligible employees, wherein, employees may contribute a percentage of their compensation subject to Internal Revenue Code limits. The Company may make discretionary profit sharing contributions to the Plan. The Company's discretionary profit sharing contribution for 2010 was \$204,665.

**Note 6. Equipment and Leasehold Improvements**

Details of equipment and leasehold improvements at December 31, 2010 are as follows:

Equipment	\$ 189,332
Furniture	253,649
Software	21,500
Leasehold improvements	412,130
	<u>876,611</u>
Less accumulated depreciation	(533,103)
	<u>\$ 343,508</u>

**Note 7. Income Taxes**

The Financial Accounting Standards Board (FASB) provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense and liability in the current year on the tax returns of the individual members. With few exceptions, the Company is no longer subject to U.S. Federal or state and local tax examinations by tax authorities for years before 2007. For the year ended December 31, 2010, management has determined that there are no material uncertain income tax positions.

**Note 8. Subsequent Events**

The Company has determined that there were no events or transactions occurring subsequent to December 31, 2010 that would have a material impact on the Company's results of operations or financial condition.