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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**

CW

SEC FILE NUMBER  
8-68212

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: Monadnock Securities, LP

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

219 West Ninth Street, #220

(No. and Street)

Wilmington  
(City)

Delaware  
(State)

19801  
(Zip Code)

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

Daniel Bigelow

302-295-1215

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Spicer Jeffries LLP

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

5251 S. Quebec Street, Suite 200  
(Address)

Greenwood Village  
(City)

CO  
(State)

80111  
(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)

KW  
2/18

OATH OR AFFIRMATION

I, David Bigelow M. SHROED, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Monadnock Securities, LP, 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 E. WEBB**  
**NOTARY PUBLIC**  
**STATE OF DELAWARE**  
My commission expires July 28, 2013



[Signature]  
Signature  
President  
Title

[Signature]  
Notary Public

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity of Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital (including reconciliation of X-17A-5 Part II filing with this Rule 17a-5(d) report, if applicable).
- (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 15c3-3 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) Independant Auditors' Report on Internal Accounting Control.

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

# MONADNOCK SECURITIES, LP

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## INDEPENDENT AUDITORS' REPORT

To the Partners of  
Monadnock Securities, LP

We have audited the accompanying statement of financial condition of Monadnock Securities, LP (the "Partnership") as of December 31, 2010, and the related statements of operations, changes in partners' capital and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities and 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 entity's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Monadnock Securities, LP 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.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in the supplemental schedules listed in the accompanying index are presented for purposes of additional analysis and is not required for a fair presentation of the 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 financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Spicer Jeffries LLP*

Greenwood Village, Colorado  
February 21, 2011



**MONADNOCK SECURITIES, LP**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2010**

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**ASSETS**

Cash and cash equivalents	\$ 30,910
Other assets	<u>900</u>
	<b><u>\$ 31,810</u></b>

**LIABILITIES AND PARTNERS' CAPITAL**

**LIABILITIES:**

Accounts payable	\$ 4,611
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**COMMITMENTS AND CONTINGENCIES (Notes 3 and 4)**

<b>PARTNERS' CAPITAL (Note 2)</b>	<u>27,199</u>
	<b><u>\$ 31,810</u></b>

The accompanying notes are an integral part of this statement.

**MONADNOCK SECURITIES, LP**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2010**

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**REVENUE:**

Interest income \$ 36

**EXPENSES:**

Professional fees 20,250

Occupancy 5,643

Regulatory fees 4,440

General and administrative 3,532

*Total expenses* 33,865

**NET LOSS**

**\$ (33,829)**

**MONADNOCK SECURITIES, LP**

**STATEMENT OF CHANGES IN PARTNERS' CAPITAL  
YEAR ENDED DECEMBER 31, 2010**

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<b>BALANCES, December 31, 2009</b>	<b>\$ 61,028</b>
Net loss	<u>(33,829)</u>
<b>BALANCES, December 31, 2010</b>	<b><u>\$ 27,199</u></b>

The accompanying notes are an integral part of this statement.

**MONADNOCK SECURITIES, LP**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2010**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net loss	\$ (33,829)
Adjustments to reconcile net loss to net cash used in operating activities:	
Decrease in accrued expenses	<u>(2,889)</u>
<i>Net cash used in operating activities</i>	(36,718)

**CASH FLOWS USED IN INVESTING ACTIVITIES:**

Increase in other assets	<u>(900)</u>
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**NET DECREASE IN CASH AND CASH EQUIVALENTS** (37,618)

**CASH AND CASH EQUIVALENTS, at beginning of year** 68,528

**CASH AND CASH EQUIVALENTS, at end of year** \$ 30,910

The accompanying notes are an integral part of this statement.

# MONADNOCK SECURITIES, LP

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### **Organization and business**

Monadnock Securities, LP (the "Partnership") is a limited partnership organized on February 2, 2009 under the laws of the state of Delaware. The Partnership was founded to allow accredited Investors to selectively participate in alternate private placement stock offerings not typically available to them. The Partnership was approved as a broker-dealer registered with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority, Inc. ("FINRA") on April 19, 2010.

#### **Revenue recognition**

The Partnership recognizes revenues as commissions and fees are earned upon the sale of various investment vehicles. Accounts receivable are carried at their estimated collectible amounts, and losses are determined on the basis of experience with the customer and current economic conditions.

#### **15c3-3 exemption**

The Partnership under Rule 15c3-3(k)(2)(i) is exempt from the customer reserve requirements of Rule 15c3-3 of the SEC. In addition, the Partnership is exempt from the possession or control requirements of Rule 15c3-3 of the SEC. The Partnership does not carry or clear customer accounts.

#### **Cash and cash equivalents**

For purposes of cash flows, the Partnership considers money market funds with maturities of three months or less to be cash equivalents.

#### **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 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.

#### **Income taxes**

The Partnership is recognized as a limited liability Partnership by the Internal Revenue Service. Accordingly, the Partnership's partners are liable for federal and state income taxes on its taxable income.

MONADNOCK SECURITIES, LP

NOTES TO FINANCIAL STATEMENTS

(continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

**Income taxes (concluded)**

The Partnership is required to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any tax related appeals or litigation processes, based on the technical merits of the position. The Partnership files an income tax return in the U.S. federal jurisdiction, and may file income tax returns in various U.S. states. The Partnership is not subject to income tax return examinations by major taxing authorities for years before 2009 (year of inception). The tax benefit recognized is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized results in the Partnership recording a tax liability that reduces net assets. However, the Partnership's conclusions regarding this policy may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof. The Partnership recognizes interest accrued related to unrecognized tax benefits and penalties related to unrecognized tax benefits in income taxes payable, if assessed. No interest expense or penalties have been recognized as of and for the year ended December 31, 2010.

**NOTE 2 - NET CAPITAL REQUIREMENTS**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Partnership is required to maintain a minimum net capital, as defined under such provisions. At December 31, 2010, the Partnership had net capital and net capital requirements of \$26,299 and \$5,000, respectively. The Partnership's net capital ratio (aggregate indebtedness to net capital) was 0.18 to 1. According to Rule 15c3-1, the Partnership's net capital ratio shall not exceed 8 to 1 in its first year of operations.

**NOTE 3 - COMMITMENTS AND RELATED PARTY TRANSACTIONS**

The Partnership leases office space from a related party under a non-cancelable operating lease expiring through 2011. The Partnership paid the related party \$3,625 for rent during the year ended December 31, 2010.

**MONADNOCK SECURITIES, LP**

**NOTES TO FINANCIAL STATEMENTS**

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(concluded)

***NOTE 4 - FINANCIAL INSTRUMENTS, OFF-BALANCE SHEET RISK AND CONTINGENCIES***

The Partnership's financial instruments include cash, other assets and accounts payable that are carried at amounts that approximate fair value due to the short-term nature of those instruments.

The Partnership is in the business of syndicating and marketing private placement stock to accredited investors. Its business is directly affected by downturns in the market and its ability to raise capital during distressed economic conditions.

***NOTE 5 - SUBSEQUENT EVENTS***

The Company has performed an evaluation of subsequent events through the date the financial statements were issued. The evaluation did not result in any subsequent events that required disclosures and/or adjustments.

**SUPPLEMENTARY INFORMATION**

**MONADNOCK SECURITIES, LP**  
**COMPUTATION OF NET CAPITAL**  
**PURSUANT TO UNIFORM NET CAPITAL RULE 15c3-1**  
**DECEMBER 31, 2010**

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<b>CREDIT:</b>		
Partners' capital	\$	27,199
<b>DEBIT:</b>		
Other assets		<u>900</u>
<b>NET CAPITAL</b>		26,299
Minimum requirements of 12-1/2% of aggregate indebtedness of \$4,611 or \$5,000, whichever is greater		<u>5,000</u>
<i>Excess net capital</i>	<b>\$</b>	<b><u>21,299</u></b>
<b>AGGREGATE INDEBTEDNESS:</b>		
Accounts payable	<b>\$</b>	<b><u>4,611</u></b>
<b>RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL</b>		<b><u>0.18 to 1</u></b>

**MONADNOCK SECURITIES, LP**

**RECONCILIATION OF THE COMPUTATION OF NET CAPITAL PURSUANT  
TO UNIFORM NET CAPITAL RULE 15c3-1 INCLUDED IN THE COMPANY'S  
CORRESPONDING UNAUDITED FORM X-17A-5 PART II FILING  
DECEMBER 31, 2010**

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<b>NET CAPITAL PER COMPANY'S UNAUDITED FORM X-17A-5 PART II FILING</b>	<b>\$ 30,580</b>
Adjustments:	
Increase in miscellaneous expenses	<u>(4,281)</u>
<b>NET CAPITAL PER REPORT PURSUANT TO RULE 17A-5(d)</b>	<b><u>\$ 26,299</u></b>

See the accompanying Independent Auditors' Report.



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## INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5

The Partners of  
Monadnock Securities, LP

In planning and performing our audit of the financial statements of Monadnock Securities, LP (the "Partnership"), as of and for the year ended December 31, 2010 in accordance with auditing standards generally accepted in the United States of America, we considered the Partnership's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partnership's internal control.

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 Partnership 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 Partnership 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 Partnership in making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13 or 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 Partnership's management 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 Partnership 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 generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and 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. This report recognizes that it is not practicable in an organization the size of the Partnership to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control and that alternatively greater reliance must be placed on surveillance by management.

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 deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Partnership's financial statements will not be prevented or detected and corrected on a timely basis.

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 Partnership's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2010, to meet the SEC's objectives.

In addition, our review indicated that the Partnership was in compliance with the conditions of exemption from Rule 15c3-3 pursuant to paragraph k(2)(i) as of December 31, 2010, and no facts came to our attention to indicate that such conditions had not been complied with during the year.

This report is intended solely for the information and use of management, the SEC, the Financial Industry Regulatory Authority, Inc. and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



Greenwood Village, Colorado  
February 21, 2011

**MONADNOCK SECURITIES, LP**  
**REPORT PURSUANT TO RULE 17a-5(d)**  
**YEAR ENDED DECEMBER 31, 2010**