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

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

SEC Mail Processing  
Section

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8- 65958

FACING PAGE

Washington, DC

**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: Custom Equity Research, Inc.  
d/b/a Summer Street Research Partners  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
One Beacon Street

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

Boston MA 02108  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Stephen J. Sussman (603) 434-3594  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Samet & Company, PC

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

1330 Boylston Street Chestnut Hill MA 02467  
(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

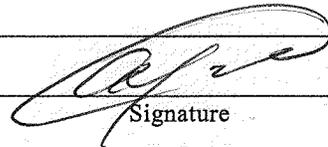
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

*Handwritten signature*  
3/29

OATH OR AFFIRMATION

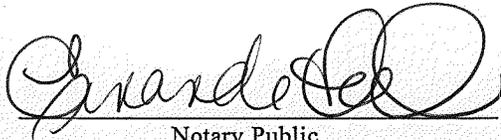
I, Alfred J. Sollami, Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Custom Equity Research, Inc. d/b/a Summer Street Research Partners, as of December 31, 2010, are true and correct. I further 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
Signature



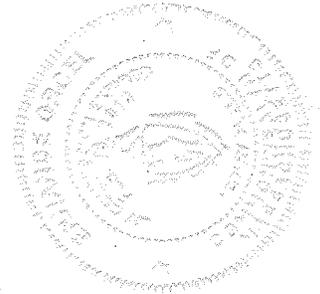
Title



Notary Public



**ERNADE ORCEL**  
Notary Public  
Commonwealth of Massachusetts  
My Commission Exp. Feb. 18, 2016



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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*Certified Public Accountants*

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Stockholders of  
Custom Equity Research, Inc.  
d/b/a Summer Street Research Partners

We have audited the accompanying statement of financial condition of Custom Equity Research, Inc. d/b/a Summer Street Research Partners (a Delaware corporation) 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 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 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 financial statement presentation. We believe that our audit 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 condition of Custom Equity Research, Inc. d/b/a Summer Street Research Partners as of December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Samet &amp; Company PC".

Chestnut Hill, Massachusetts  
February 24, 2011



**CUSTOM EQUITY RESEARCH, INC.**  
**d/b/a SUMMER STREET RESEARCH PARTNERS**

**STATEMENT OF FINANCIAL CONDITION**

**December 31, 2010**

**ASSETS**

Cash and cash equivalents	\$ 217,562
Deposits with clearing organization	591,105
Other trade receivables	526,128
Settlement receivable	200,000
Securites purchased, at market value	42,966
Other investments	195,806
Other assets	39,834
Security deposits	67,238
Prepaid expenses	31,547
Furniture, equipment and leasehold improvements, net	33,904
Goodwill	<u>5,000</u>
	\$ <u><u>1,951,090</u></u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Accrued payroll	\$ 245,771
Accounts payable	29,734
Deferred rent payable	<u>6,817</u>
	<u>282,322</u>
Stockholders' equity:	
Common stock, no par value,	
Authorized 10,000 class A voting shares	
700 shares issues and outstanding	900,000
Authorized 10,000 class A non-voting shares	
12.36 shares issued and outstanding	-
Retained earnings	645,398
Accumulated other comprehensive income	<u>138,370</u>
	1,683,768
Less treasury stock, 37.08 shares, at cost	<u>(15,000)</u>
	<u><u>1,668,768</u></u>
	\$ <u><u>1,951,090</u></u>

See notes to financial statement



**CUSTOM EQUITY RESEARCH, INC.**  
**d/b/a SUMMER STREET RESEARCH PARTNERS**

**NOTES TO FINANCIAL STATEMENT**  
**December 31, 2010**

Note 1

**Organization and nature of business**

Custom Equity Research, Inc. d/b/a Summer Street Research Partners (the "Company") operates as a broker-dealer and registered investment advisor in Massachusetts, New York, California, and Maryland. The Company does business on a fully disclosed basis and, therefore, does not hold or maintain any customer accounts. The Company is a registered broker under the Securities and Exchange Act of 1934 and is a member of the FINRA ("Financial Industry Regulatory Authority") and SIPC ("Securities Investor Protection Corp").

**Basis of presentation**

On September 28, 2006, the Company acquired all of the common stock of Medical Consulting Referral, Inc. ("MCRI") for \$5,000, which is classified as goodwill in the accompanying statement of financial condition. After acquisition, all operating activities of MCRI were recorded by the Company as an operating division. MCRI no longer maintains any business activities as a separate corporation; therefore it has no assets, liabilities or transactions to consolidate in the accompanying statement of financial condition.

Note 2

**Summary of significant accounting policies**

**Investment securities**

Security positions resulting from proprietary trading are reported at fair value in accordance with the fair value standards.

Securities transactions are recorded on a trade-date basis.

The Company accounts for its other investments at fair value, as the Company has categorized them as available-for-sale securities. Accordingly, unrealized holding gains and losses are excluded from earnings and reported in other comprehensive income, which is a separate component of stockholders' equity. At December 31, 2010 the Company held investments in equity securities with a fair market value of \$164,006 with no cost basis.



**CUSTOM EQUITY RESEARCH, INC.**  
**d/b/a SUMMER STREET RESEARCH PARTNERS**

**NOTES TO FINANCIAL STATEMENT (CONTINUED)**  
**December 31, 2010**

Note 2

**Summary of significant accounting policies (continued)**

**Furniture, equipment and leasehold improvements**

Furniture, equipment and leasehold improvements are stated at cost. Depreciation and amortization are calculated on the straight-line method over the estimated useful lives of the related assets. Normal repair and maintenance costs are expensed as incurred.

<u>Description</u>	<u>Estimated Useful Lives</u>
Furniture, fixtures and other equipment	5 - 7 years
Computer software and hardware	3 - 5 years
Leasehold improvements	Life of lease

**Income taxes**

The Company, with the consent of its stockholders, elected under Subchapter S of the Internal Revenue Code not to be subject to federal income tax at the corporate level. Pursuant to this election, the income or loss of the Company is included in the taxable income of the individual stockholder.

**Income tax positions**

In June 2006, the Financial Accounting Standards Board issued a standard that clarifies the accounting and recognition of income tax positions taken or expected to be taken in the Company's income tax returns. The Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The Company adopted the standard effective January 1, 2009. The Company's income tax filings are subject to audit by various taxing authorities. The Company's federal and state income tax returns are generally open for examination for the past 3 years.



**CUSTOM EQUITY RESEARCH, INC.**  
**d/b/a SUMMER STREET RESEARCH PARTNERS**

**NOTES TO FINANCIAL STATEMENT (CONTINUED)**

**December 31, 2010**

Note 2

**Summary of significant accounting policies (continued)**

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the statement of financial condition and accompanying notes. Actual results could differ from those estimates.

**Fair value**

Accounting standards provide a common definition of fair value and establishes a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. Accounting standards also require expanded disclosures to provide information about the extent to which fair value is used to measure certain assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings (see Note 7). The Company's financial and nonfinancial assets and liabilities reflected in the financial statements at fair value include securities purchased and goodwill.

**Cash and cash equivalents**

The Company defines cash equivalents as highly liquid investments, with original maturities of less than three months, that are not held for sale in the ordinary course of business.

**Subsequent events**

The Company has evaluated subsequent events through February 24, 2011, which is the date the financial statements were available to be issued. There were no material subsequent events or transactions that required recognition or disclosure in these financial statements.

Note 3

**Deposit with clearing organization**

The Company contracted with Pershing LLC ("Pershing") to act as their clearing agent. In connection with this agreement, Pershing has required the Company to maintain a deposit of \$250,000, which is held in an interest bearing account.



**CUSTOM EQUITY RESEARCH, INC.**  
**d/b/a SUMMER STREET RESEARCH PARTNERS**

**NOTES TO FINANCIAL STATEMENT (CONTINUED)**  
**December 31, 2010**

Note 4 **Stockholders' equity**

On December 31, 2007, a joint written consent of the board of directors and stockholders agreed to restructure its equity to permit the issuance of restricted non-voting stock to employees. The restructuring exchanged the current 700 Class A Common Stock for 700 shares of new Voting Common Stock on a one for one basis. The Company is authorized to issue up to 10,000 shares of Voting Common Stock.

In addition, the joint consent ratified the "2008 Incentive Compensation Plan" which authorizes the issuance of up to 10,000 shares of Non-Voting Common Stock under either restricted stock or incentive stock option awards. Effective January 1, 2009, the Company issued 49.44 shares of restricted Non-Voting Common Stock to certain employees. During the year ended December 31, 2010, the Company purchased back 37.08 shares for \$15,000. The Company did not issue any incentive stock options during the year ended December 31, 2010. In addition, there are no options outstanding under the plan at December 31, 2010.

Note 5 **Retirement plan**

The Company maintains a 401(k) retirement plan for all eligible employees. Employees are eligible to participate in the plan after meeting certain requirements, including length of service. Under the plan, eligible employees may elect to reduce a percentage of their compensation as a contribution to the plan, subject to limits imposed by the Internal Revenue Code. The Company's matching contributions are made to the plan at the discretion of the Board of Directors. There were no matching contributions for the year ended December 31, 2010.

Note 6 **Net capital requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of a minimum net capital balance and requires that the Company's aggregate indebtedness to net capital, as defined, shall not exceed 15 to 1.

At December 31, 2010 the Company's net capital was \$562,866 which was \$462,866 in excess of its required net capital of \$100,000. The Company's aggregate indebtedness to net capital was .51 to 1.



**CUSTOM EQUITY RESEARCH, INC.**  
**d/b/a SUMMER STREET RESEARCH PARTNERS**

**NOTES TO FINANCIAL STATEMENT (CONTINUED)**  
**December 31, 2010**

Note 7

**Fair value measurements**

The Company has adopted fair value reporting for certain financial and non-financial assets and liabilities recognized or disclosed in the financial statements on a recurring basis (at least annually).

Accounting standards define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Accounting standards also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for similar assets or liabilities in markets that are not active; or model-derived valuations or other inputs that are observable or can be corroborated by observable market data for the assets or liabilities.

Level 3 - Unobservable inputs for the asset or liability. These inputs reflect the Company's assumptions about the assumptions a market participant would use in pricing the asset or liability.



**CUSTOM EQUITY RESEARCH, INC.**  
**d/b/a SUMMER STREET RESEARCH PARTNERS**

**NOTES TO FINANCIAL STATEMENT (CONTINUED)**  
**December 31, 2010**

Note 7 **Fair value measurements (continued)**

The following table summarizes the valuation of the Company's financial and non-financial assets and liabilities at December 31, 2010:

<u>Asset</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Other investments – warrants	\$ 195,806	\$ 195,806	\$ -	\$ -
Securities purchased - stocks	42,966	42,966		
Goodwill	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Total	<u>\$ 243,772</u>	<u>\$ 238,772</u>	<u>\$ -</u>	<u>\$ 5,000</u>

Other investments and securities purchased using level 1 inputs are valued based on readily available market prices. The fair value of goodwill is based on level 3 inputs which are based on management's estimates and assumptions. The following is a reconciliation of fair value measurements using level 3 inputs at December 31, 2010:

Beginning balance	\$ 5,000
Purchases, sales, issuances and settlements (net)	<u>-</u>
Ending balance	<u>\$ 5,000</u>

Note 8 **Commitments**

The Company leases office space for its corporate locations, as discussed in Note 1, under various non-cancelable operating leases. The lease agreements provide for monthly payments (including operating expenses) as defined in the agreements and expire at various dates through November, 2011.



**CUSTOM EQUITY RESEARCH, INC.**  
**d/b/a SUMMER STREET RESEARCH PARTNERS**

**NOTES TO FINANCIAL STATEMENT (CONTINUED)**  
**December 31, 2010**

Note 8 **Commitments (continued)**

The future minimum lease payments due under the terms of the lease agreements (not including operating costs) are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2011	<u>\$172,693</u>

Note 9 **Concentrations**

In the normal course of business, the Company's customer activities involve the execution, settlement, and financing of various customer securities transactions. The activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at prevailing market prices. In addition, the Company has sold securities that it does not currently own and will therefore be obligated to purchase such securities at a future date. The Company has recorded these obligations in the financial statements at December 31, 2010 at the fair values of the related securities and will incur a loss if the fair value of the related securities increases subsequent to December 31, 2010. The Company controls this risk through a variety of reporting and control procedures.

At times during the year ended December 31, 2010, the Company had cash on hand that exceeded federally insured limits. The Company has not experienced any losses in such accounts and management believes they are not exposed to any significant credit risk on cash.



**CUSTOM EQUITY RESEARCH, INC.**  
**d/b/a SUMMER STREET RESEARCH PARTNERS**

**NOTES TO FINANCIAL STATEMENT (CONTINUED)**  
**December 31, 2010**

Note 10

**Furniture, equipment and leasehold improvements**

As of December 31, 2010, furniture, equipment and leasehold improvements consisted of the following:

<u>Asset Category</u>	<u>Cost</u>
Furniture, fixtures and other equipment	\$ 58,650
Computer software and hardware	192,695
Leasehold improvements	<u>165,393</u>
	416,738
Less accumulated depreciation and amortization	<u>382,834</u>
	\$ <u>33,904</u>

Note 11

**Contingencies and settlement**

During the year ended December 31, 2010, the Company was the defendant in a lawsuit concerning former employees and other business related transactions. The Company was awarded a \$300,000 settlement, of which \$200,000 remains uncollected as of December 31, 2010.

**CUSTOM EQUITY RESEARCH, INC.**  
**d/b/a SUMMER STREET RESEARCH PARTNERS**

**STATEMENT OF FINANCIAL CONDITION**

**Year Ended December 31, 2010**