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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 FILE NUMBER
8- 43068

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 01/01/2011 AND ENDING 12/31/2011  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Enterprise Equities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

10227 Wincopin Circle

(No. and Street)

Columbia

(City)

MD

(State)

21044

(Zip Code)

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

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Reznick Group, P.C.

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

7501 Wisconsin Ave

(Address)

Bethesda

(City)

MD

20814

(State)

CHECK ONE:

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

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
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REGISTRATIONS BRANCH
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\*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.

N.A.  
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OATH OR AFFIRMATION

I, Anna Zelmsky, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Enterprise Equities, Inc., as of December 31, 20 11, 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:

Anna H. Zelmsky  
Signature

SVP & CCO  
Title

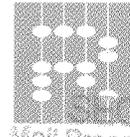
Margie A. Durin  
Notary Public

State of Maryland  
County of Howard  
My Commission expires 4-27-12

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).



**Reznick  
Group**

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Washington, DC  
125

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

**ENTERPRISE EQUITIES, INC.**  
(A Wholly-Owned Subsidiary Of  
**Enterprise Community Investment, Inc.**)

SEC ID#: 8-43068

DECEMBER 31, 2011

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

**ENTERPRISE EQUITIES, INC.**  
**(A Wholly-Owned Subsidiary Of**  
**Enterprise Community Investment, Inc.)**

SEC ID#: 8-43068

DECEMBER 31, 2011

Enterprise Equities, Inc.  
(a wholly-owned subsidiary of Enterprise Community Investment, Inc.)

TABLE OF CONTENTS

This report contains (check all applicable boxes):

- Independent Auditors' Report
- (a) Facing Page
- (b) Balance Sheet
- (c) Statement of Operations
- (d) Statement of Cash Flows
- (e) Statement of Changes in Stockholder's Equity
- (f) Statement of Changes in Liabilities Subordinated to Claims of General Creditors
- Notes to Financial Statements
- (g) Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 Under the Securities Exchange Act of 1934
- (h) Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 Under the Securities Exchange Act of 1934
- (i) Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 Under the Securities Exchange Act of 1934
- (j) A Reconciliation, Including Appropriate Explanations, of the Computation of Net Capital Under 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) 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 (Supplemental Report on Internal Control)
- (o) Schedule of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Commodity Exchanges Pursuant to Section 4d(2) Under the Commodity Exchange Act 34

Enterprise Equities, Inc.  
(a wholly-owned subsidiary of Enterprise Community Investment, Inc.)

TABLE OF CONTENTS - CONTINUED

- ( ) (p) Schedule of Secured Amounts and Funds Held in Separate Accounts for Foreign Futures and Foreign Options Customers Pursuant to Regulation 30.7 Under the Commodity Exchange Act
- ( ) (q) Schedule of Segregation Requirements and Funds in Segregation for Commodity Dealer Options Accounts Pursuant to Regulation 32.6 of the Commodity Futures Trading Commission

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Enterprise Equities, Inc.  
Columbia, Maryland

We have audited the following financial statements of Enterprise Equities, Inc. (the Company) (a wholly-owned subsidiary of Enterprise Community Investment, Inc.) for the year ended December 31, 2011, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934:

	Page
Balance Sheet	7
Statement of Operations	8
Statement of Changes in Stockholder's Equity	9
Statement of Cash Flows	10

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 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 Enterprise Equities, Inc., at December 31, 2011, and the results of its operations, changes in stockholder's equity and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Reznick Group, P.C.*

Bethesda, Maryland  
February 1, 2012

Enterprise Equities, Inc.  
(a wholly-owned subsidiary of Enterprise Community Investment, Inc.)

BALANCE SHEET

December 31, 2011

ASSETS

Cash	\$ 226,281
Prepaid expenses and other assets	<u>19,174</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 245,455</u></u></b>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

Due to Enterprise Community Investment, Inc.	<u>\$ 56,402</u>
<b>Total liabilities</b>	<b><u>56,402</u></b>

STOCKHOLDER'S EQUITY

Common stock, par value \$1 per share - authorized, issued and outstanding, 1,000 shares	1,000
Additional paid-in capital	49,000
Retained earnings	<u>139,053</u>
<b>Total stockholder's equity</b>	<b><u>189,053</u></b>

<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b><u><u>\$ 245,455</u></u></b>
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See notes to financial statements

Enterprise Equities, Inc.  
(a wholly-owned subsidiary of Enterprise Community Investment, Inc.)

STATEMENT OF OPERATIONS

Year ended December 31, 2011

REVENUE	
Consulting fee income	\$ 223,379
	<u>223,379</u>
Total revenue	<u>223,379</u>
OPERATING EXPENSES	
Payroll and benefits	169,986
Licenses and membership fees	21,779
Professional fees	18,250
Other operating expenses	10,249
	<u>220,264</u>
Total operating expenses	<u>220,264</u>
INCOME BEFORE TAXES	3,115
INCOME TAX EXPENSE	<u>3,115</u>
NET INCOME	<u><u>\$ -</u></u>

See notes to financial statements

Enterprise Equities, Inc.  
(a wholly-owned subsidiary of Enterprise Community Investment, Inc.)

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

Year ended December 31, 2011

	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Retained earnings</u>	<u>Total stockholder's equity</u>
Balance, December 31, 2010	\$ 1,000	\$ 49,000	\$ 139,053	\$ 189,053
Net income	-	-	-	-
Balance, December 31, 2011	<u>\$ 1,000</u>	<u>\$ 49,000</u>	<u>\$ 139,053</u>	<u>\$ 189,053</u>

See notes to financial statements

Enterprise Equities, Inc.  
(a wholly-owned subsidiary of Enterprise Community Investment, Inc.)

STATEMENT OF CASH FLOWS

Year ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	\$ -
Adjustments to reconcile net income to net cash provided by operating activities	
Changes in assets and liabilities:	
Increase in prepaid expenses and other assets	(5,075)
Increase in due to Enterprise Community Investment, Inc., net	<u>31,725</u>
Net cash provided by operating activities	<u>26,650</u>
CASH, BEGINNING OF YEAR	<u>199,631</u>
CASH, END OF YEAR	<u>\$ 226,281</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Payments made for income taxes	<u>\$ 4,680</u>

See notes to financial statements

Enterprise Equities, Inc.  
(a wholly-owned subsidiary of Enterprise Community Investment, Inc.)

## NOTES TO FINANCIAL STATEMENTS

December 31, 2011

### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization and Business

Enterprise Equities, Inc. (we or us) is incorporated in the State of Delaware and is a wholly-owned subsidiary of Enterprise Community Investment, Inc. (Enterprise). Enterprise Community Partners, Inc., a nonprofit publicly supported charitable foundation, is the sole shareholder of Enterprise.

We were established as a captive broker-dealer of Enterprise for the purpose of selling direct participation equity interests in real estate limited partnerships. We are a member of the Financial Industry Regulatory Association (FINRA). Our business is conducted primarily through Enterprise, as we have no employees of our own.

We are a registered FINRA Broker Dealer in twenty-nine states throughout the United States of America and the District of Columbia.

#### 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 judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

#### Cash Equivalents

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents. As of December 31, 2011, we had no items that could be considered cash equivalents.

#### Consulting Fee Income

Consulting fee income is recognized as earned when services are provided.

Enterprise Equities, Inc.  
(a wholly-owned subsidiary of Enterprise Community Investment, Inc.)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011

NOTE 2 - INCOME TAXES

We have an unwritten tax-sharing agreement with Enterprise. Pursuant to the unwritten agreement, we are included in the consolidated federal income tax return filed by Enterprise and we pay or receive an amount equal to the federal income tax expense or benefit we would have recognized had we filed a separate federal income tax return. No deferred tax balances have been recorded since there are no temporary differences for federal or state income tax purposes.

Income tax expense incurred for the year ended December 31, 2011 was \$3,115. As of December 31, 2011, prepaid minimum state franchise taxes amounted to \$3,725, which are included in prepaid expenses and other assets on the balance sheet.

We also generally remain subject to the examination of our various state income tax returns for a period of four to five years from the date the return was filed.

In accordance with the accounting guidance for uncertainty in income taxes, we have examined the likelihood that our tax positions would be challenged in an audit conducted by the taxing authorities. We believe that it is more likely than not that our tax positions would withstand audit, and as a result, we have recorded no liability for taxes, interest or penalties that result from uncertain tax positions.

NOTE 3 - NET CAPITAL REQUIREMENT

We are required to comply with the uniform net capital rule of the Securities and Exchange Commission (SEC). This rule prohibits us from engaging in any securities transaction should "aggregate indebtedness" exceed 15 times "net capital" as those terms are defined in the rule, or if net capital falls below the required amount of \$5,000. We may declare dividends or acquire certain non-liquid assets only to the extent that net capital is in excess of such requirements. In computing net capital, items not readily convertible into cash are excluded.

Enterprise Equities, Inc.  
(a wholly-owned subsidiary of Enterprise Community Investment, Inc.)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011

The computation of net capital and the ratio of aggregate indebtedness to net capital under the uniform net capital rule as of December 31, 2011, are as follows:

Aggregate indebtedness:	
Accounts payable and accrued expenses	\$ <u>56,402</u>
Total aggregate indebtedness	\$ <u><u>56,402</u></u>
Net capital:	
Credit items:	
Common stock	\$ 1,000
Additional paid-in capital	49,000
Retained earnings	<u>139,053</u>
	<u>189,053</u>
Debit items:	
Prepaid expenses and other assets	15,449
FINRA depository	<u>17,762</u>
	<u>33,211</u>
Net capital	\$ <u><u>155,842</u></u>
Ratio of aggregate indebtedness to net capital	<u><u>36.2%</u></u>

There are no differences between this computation and that filed by us on SEC Form X-17A-5 (FOCUS filing) as of December 31, 2011.

NOTE 4 - SCHEDULES

There are no other supporting schedules included herewith since the information required under Rule 17a-5 of the Securities and Exchange Act of 1934 is included in note 3 to the financial statements or is not applicable as we are claiming an exemption under Rule 15c3-3(k)(2)(i) from the requirements of computing the reserve requirements and presenting information for possession or control requirements.

Enterprise Equities, Inc.  
(a wholly-owned subsidiary of Enterprise Community Investment, Inc.)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011

NOTE 5 - DUE TO ENTERPRISE COMMUNITY INVESTMENT, INC.

We have a consulting agreement with Enterprise, under which we provide advice to Enterprise with respect to structuring real estate transactions and offerings designed to promote and develop affordable housing. Annual fees in the amount of \$64,800 are payable to us under the terms of the agreement and were recognized and included in consulting fee income on the statement of operations for the year ended December 31, 2011. In addition, costs incurred by us for the benefit of Enterprise in excess of \$64,800 are also charged to Enterprise. During the year ended December 31, 2011, these excess costs totaled \$158,579. The agreement with Enterprise will continue until terminated by either us or Enterprise with 30 days notice.

As we have no employees of our own, all of our costs are paid for by Enterprise and we reimburse Enterprise or its affiliates for the costs incurred on behalf of us. Payroll and benefit costs are allocated to us based on the time spent in performing these activities by Enterprise's employees. All other costs incurred with Enterprise are allocated to us on an actual or usage basis.

The amount due to Enterprise is non-interest bearing and payable on demand. Additionally, any and all amounts owed to Enterprise and/or its affiliates are subordinate to all of our other debt and obligations to other parties. As of December 31, 2011, \$56,402 is due to Enterprise.

NOTE 6 - MAJOR CUSTOMER

Our sole source of revenue is through selling direct participation equity interests in real estate limited partnerships to Enterprise via our consulting agreement with Enterprise as identified in note 5.

NOTE 7 - SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the

Enterprise Equities, Inc.  
(a wholly-owned subsidiary of Enterprise Community Investment, Inc.)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011

accompanying notes. Management evaluated the activity of the Company through February 1, 2012 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
REQUIRED BY SECURITIES AND EXCHANGE  
COMMISSION (SEC) RULE 17A-5(G)(1)

To the Board of Directors  
Enterprise Equities, Inc.  
Columbia, Maryland

In planning and performing our audit of the financial statements of Enterprise Equities, Inc. (the Company) (a wholly-owned subsidiary of Enterprise Community Investment, Inc.) as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Company'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 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 and 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 the quarterly securities examinations, counts, verifications, and comparisons, and the 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 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.

A deficiency in internal control 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 on correct, 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 Company'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 previously.

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, as described in the second paragraph of this report, were adequate at December 31, 2011, 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.

*Reznick Group, P.C.*

Bethesda, Maryland  
February 1, 2012

