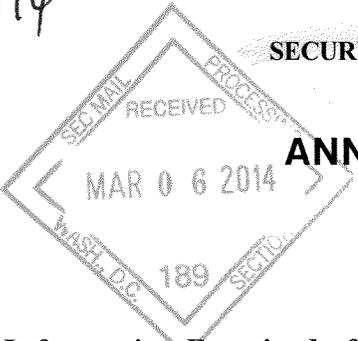


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3/20/14



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

OMB APPROVAL
OMB Number: 3235-0123
Expires: March 31, 2016
Estimated average burden
hours per response... 12.00

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

SEC FILE NUMBER
8-45389

**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 01/01/13 AND ENDING 12/31/13
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Carnegie Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
20 West 55th Street
(No. and Street)
New York NY 10019
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Thomas Flakstad (212) 262-5800
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Regen, Benz & MacKenzie CPA's PC
(Name - if individual, state last, first, middle name)
57 West 38th Street, 3rd Floor New York NY 10018
(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)

AB
3/25

OATH OR AFFIRMATION

I, Thomas Flakstad, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Carnegie Inc. of December 31, 2013, 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:

Thomas Flakstad
Signature
President
Title

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 Cash Flow.
(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).

**NEW YORK 'ALL-PURPOSE' ACKNOWLEDGMENT
REAL PROPERTY LAW §309-a**

State of New York
County of New York } ss.

On the 20th day of February in the year 2014 before me,

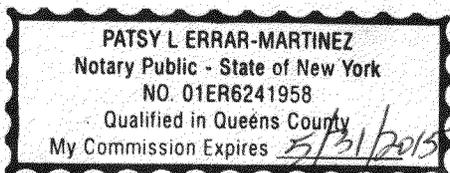
the undersigned personally appeared Thomas Flakstad
Name of Signer

(and _____,) personally known to me or
Name of Additional Signer, if Any

proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Patsy L. Errar-Martinez
Signature of Notary Public
Notary Public — State of New York

Place Seal Below OR Complete Lines Below



Name of Notary

Name of County in Which Originally Qualified

Commission Expiration Date

Name of County in Which Certificate of Official Character Filed (if required)

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____



RegenBenzMacKenzie

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Carnegie, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying statement of financial condition of Carnegie, Inc. (a wholly owned subsidiary of Carnegie Investment Bank AB) as of December 31, 2013 and the related statements of income, changes in stockholder's equity, and cash flows for the year then ended that are filed pursuant to rule 17a-5 under the Securities Exchange Act of 1934 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carnegie, Inc. as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

REGEN, BENZ & MACKENZIE, C.P.A.'S, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

57 WEST 38TH STREET, NEW YORK, NEW YORK 10018
TELEPHONE 212.661.2720 FACSIMILE 212.681.6140

Other Matter

The Company is affiliated with other companies in the same line of business, all of which are controlled by a common parent. As discussed in Note 4, the Company and its affiliates have engaged in significant transactions with each other.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in Schedules I, II, III, and IV is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in Schedules I, II, III, and IV has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in Schedules I, II, III, and IV is fairly stated in all material respects in relation to the financial statements as a whole.

Regen, Benz & MacKenzie, CPAs, P.C.

New York, New York
February 18, 2014

CARNEGIE, INC.
(a wholly owned subsidiary of Carnegie Investment Bank AB)
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2013

ASSETS

Current Assets

Cash	\$ 5,412,303
Commissions Receivable	1,720,060
Other Receivables	4,219
Prepaid Income Taxes	5,310
Prepaid Expenses	<u>133,264</u>
Total Current Assets	<u>7,275,156</u>

Fixed Assets

Furniture, Equipment and Leasehold Improvements at cost, less accumulated depreciation of \$1,273,573	<u>104,783</u>
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Other Assets

Deferred Income Tax Benefit	<u>1,290,315</u>
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TOTAL ASSETS \$ 8,670,254

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 1,616,063
Income Taxes Payable	23,845
Rent Abatement	<u>8,300</u>
Total Current Liabilities	<u>1,648,208</u>

Stockholder's Equity

Capital Stock	1
Paid-in Capital	3,999,999
Retained Earnings	<u>3,022,046</u>
Total Stockholder's Equity	<u>7,022,046</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY \$ 8,670,254

See accompanying notes to financial statements.

CARNEGIE, INC.
(a wholly owned subsidiary of Carnegie Investment Bank AB)
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Revenue</u>	
Commission Income	\$ 7,745,446
Fee Income	3,498,028
Interest Income	9,451
Foreign Exchange Gain	<u>14,072</u>
Total Revenue	<u>11,266,997</u>
<u>Expenses</u>	
Settlement Costs	3,452,689
Salaries	4,284,768
Office Rent and Utilities	368,088
Commercial Rent Tax	12,049
Payroll Taxes	149,076
Employee Benefits	526,710
Insurance	56,410
Research	13,802
Depreciation	109,803
Repairs and Maintenance	32,461
Office Expenses	35,295
Telephone and Communication	920,545
Machine Rental and Maintenance	74,951
Professional and Legal Fees	326,461
Travel and Entertainment	588,093
Regulatory Fees	19,606
Dues and Subscription	25,971
Charitable Contributions	1,115
Miscellaneous	1,110
Payroll Service Charges	4,070
Seminars	<u>1,310</u>
Total Expenses	<u>11,004,383</u>
Income Before Provision for Income Taxes	262,614
Provision for Income Taxes	<u>(172,414)</u>
Net Income	<u>\$ 90,200</u>

See accompanying notes to financial statements.

CARNEGIE, INC.
(a wholly owned subsidiary of Carnegie Investment Bank AB)
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Capital Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balances, January 1, 2013	\$ 1	\$ 3,999,999	\$ 2,931,846	\$ 6,931,846
Net Income	-	-	90,200	90,200
Balances, December 31, 2013	<u>\$ 1</u>	<u>\$ 3,999,999</u>	<u>\$ 3,022,046</u>	<u>\$ 7,022,046</u>

See accompanying notes to financial statements.

CARNEGIE, INC.
(a wholly owned subsidiary of Carnegie Investment Bank AB)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Cash Flows from Operating Activities</u>	
Net Income	\$ 90,200
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	109,803
Increase in Commissions Receivable	(1,441,237)
Decrease in Other Receivables	3,759
Increase in Prepaid Income Taxes	(3,066)
Decrease in Corporate Tax Refund Receivable	190,118
Decrease in Prepaid Expenses	162,291
Decrease in Deferred Income Tax Benefit	141,704
Increase in Accounts Payable and Accruals	814,297
Increase in Income Taxes Payable	23,845
Decrease in Rent Abatement	<u>(4,150)</u>
Net Cash Provided by Operating Activities	87,564
<u>Cash Flows From Investing Activities</u>	0
<u>Cash Flows From Financing Activities</u>	<u>0</u>
Net Increase in Cash	87,564
Cash and Cash Equivalents January 1, 2013	<u>5,324,739</u>
Cash and Cash Equivalents December 31, 2013	\$ <u>5,412,303</u>
Supplemental Disclosures of Cash Flow Information:	
Cash Paid During the Year for:	
Taxes	\$ <u>4,759</u>

See accompanying notes to financial statements.

CARNEGIE, INC.
(a wholly owned subsidiary of Carnegie Investment Bank AB)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - ORGANIZATION

Carnegie, Inc. ("Carnegie") a United States of America Corporation, was incorporated on September 19, 1986. Carnegie is a wholly owned subsidiary of Carnegie Investment Bank AB, a Swedish Corporation which is owned by Carnegie Holding AB, a Swedish corporation.

Substantially all securities transactions represent the sale of foreign securities (a minor portion, less than 2% represents domestic securities). All foreign securities commission income is generated through related companies and the settlement costs of foreign securities transactions are through related companies.

Carnegie does not maintain any customer accounts, as defined by Rule 15c3-3 of the Securities and Exchange Commission. Carnegie is therefore exempt from Rule 15c3-3 in accordance with Section (k)(2)(i) thereof.

Since Carnegie does not settle their trades through a United States broker, it is required to record the liability for the unsettled trades, if any.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Carnegie uses the accrual method of accounting for financial statements and for income tax purposes. Carnegie accounts for all revenue from securities transactions and expenses related to such transactions on a trade date basis.

Furniture and equipment are stated at cost and are being depreciated on the straight-line basis using estimated useful lives from three to seven years. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease.

Carnegie accounts for income taxes in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, Income Taxes, which requires the recognition of deferred income taxes for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate principally to depreciation and amortization of property and equipment. Deferred tax assets and liabilities represent the future tax consequence for those differences which will either be deductible or taxable when the assets and liabilities are recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

CARNEGIE, INC.
(a wholly owned subsidiary of Carnegie Investment Bank AB)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Carnegie adopted the provisions of FASB ASC 740-10-25, which prescribes a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in income tax returns. FASB ASC 740-10-25 also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, and accounting for interest and penalties associated with tax positions.

Deferred income taxes are provided when income and expenses are recognized in different years for financial and tax reporting purposes (see Note 9). Interest and penalties associated with tax positions are recognized in the statement of income if material.

Foreign currency translation:

Amounts recorded in foreign currency are translated into United States dollars as follows:

- (a) Monetary assets and monetary liabilities, at the rate of exchange in effect as of the balance sheet date;
- (b) Non-monetary assets and non-monetary liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and,
- (c) Revenues and expenses, at the rate of exchange at the trade date.

The Company uses estimates and assumptions in preparing financial statements in accordance with U.S. Generally Accepted Accounting Principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used. The nature of the Company's operations is such that variances from estimates of financial statements amounts are not likely to be significant.

Compensated absences:

Compensated absences for sick pay and personal time have not been accrued since they are not allowed to be carried over from year to year.

NOTE 3 - CASH

Only \$250,000 of cash held at JP Morgan Chase is FDIC insured. The balance of \$5,281,445 is not FDIC insured.

For the statement of cash flows, Carnegie includes cash on deposit, cash on hand, money market and certificates of deposits with original maturities less than three months (if any) as cash equivalents.

NOTE 4 - COMMISSIONS RECEIVABLE

Commissions' receivable represents the net amount that arise in the normal course of business. Accounts are generally considered past due after 30 days. Past due receivables do not accrue interest. There were no accounts over 90 days past due.

Management determines the allowance for doubtful accounts based upon prior experience and its assessment of the collectability of specific accounts. At December 31, 2013, commissions receivable were considered fully collectible by management; therefore, no allowance for doubtful accounts has been provided.

CARNEGIE, INC.
(a wholly owned subsidiary of Carnegie Investment Bank AB)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 4 - COMMISSIONS RECEIVABLE (CONTINUED)

The amount of \$1,720,060 represents the amount due from related companies net of settlement costs as follows:

Carnegie Investment Bank AB	\$1,505,417
Carnegie Bank A/S	118,842
Carnegie ASA	<u>95,801</u>
	<u>\$1,720,060</u>

NOTE 5 - FIXED ASSETS

Furniture, equipment and leasehold improvements at cost, less accumulated depreciation. When properties are retired or otherwise disposed of, the asset and accumulated depreciation accounts are adjusted accordingly. Any resulting profit of loss is reflected in income in the period incurred.

The following is a summary of the property and equipment, and the related accumulated depreciation as of December 31, 2013:

Cost				
	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Furniture and Equipment	\$ 1,247,255	\$ -	\$ 664,249	\$ 583,006
Leasehold Improvements	<u>795,350</u>	<u>-</u>	<u>-</u>	<u>795,350</u>
	<u>\$ 2,042,605</u>	<u>\$ -</u>	<u>\$ 664,249</u>	<u>\$ 1,378,356</u>
Accumulated Depreciation				
	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Furniture and Equipment	\$ 1,076,479	\$ 83,253	\$ 664,249	\$ 495,483
Leasehold Improvements	<u>751,671</u>	<u>26,419</u>	<u>-</u>	<u>778,090</u>
	<u>\$ 1,828,150</u>	<u>\$ 109,672</u>	<u>\$ 664,249</u>	<u>\$ 1,273,573</u>

NOTE 6 - EMPLOYEE BENEFITS

Carnegie established a profit sharing pension plan during the calendar year 1994. All employees who have been employed with the company for three months are covered by the plan. Carnegie's contributions to the plan are at the discretion of the Board of Directors. Contributions may vary from 0-15 percent of an employee's base salary and are determined on a yearly basis; however, the maximum contribution for any individual may not exceed \$25,000. Funds contributed to the pension plan are set aside in a separate account for each participant and are self-directed by the participant.

For the year ended December 31, 2013, contributions to the plan charged to operations were \$263,779 and are included in employee benefits.

Additionally, Carnegie pays for the cost of all of its employee's health insurance premiums.

CARNEGIE, INC.
(a wholly owned subsidiary of Carnegie Investment Bank AB)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 7 - COMMITMENTS

Carnegie occupies leased office space in New York City. The current lease will expire on December 31, 2015. The lease may be cancelled by the landlord upon 6 months written notice at any time after November 1, 2010 if the building is in the process of being converted to residential use. If the landlord exercises this clause, Carnegie's rent shall be abated for the final four months of the remaining lease term. Future minimum rental commitments for this operating lease are as follows:

2014	\$294,644
2015	300,536
Total Minimum Future Rentals	<u>\$595,180</u>

Rent expense for the year totaled \$303,447.

NOTE 8 - CAPITAL STOCK

The authorized, issued and outstanding capital stock at December 31, 2013, was as follows:

Common Stock, par value \$.01 per share, authorized 100 shares; issued 100 shares.

NOTE 9 - INCOME TAXES

For calendar year 2013 Carnegie charged \$ 172,414 in taxes against income as follows:

Federal	\$ 86,274
State	37,798
Local	40,926
Adjustment for Prior Years Taxes	<u>7,416</u>
	<u>\$172,414</u>

The major components of income tax expense for the year ended December 31, 2013 are as follows:

Current Income Tax Expense	\$ 23,294
Deferred Income Tax	141,704
Adjustments in Respect of Income Tax of Previous Years	<u>7,416</u>
Income Tax Expense Reported on Financial Statements	<u>\$172,414</u>

Deferred income tax at December 31, 2013 relates to the following:

Accelerated Depreciation for Books Purpose	\$ 124,745
Rent Expense Abatement	3,737
Federal State/Local Net Operating Losses	<u>1,161,833</u>
Deferred Income Tax Reported on Financial Statements	<u>\$1,290,315</u>

CARNEGIE, INC.
(a wholly owned subsidiary of Carnegie Investment Bank AB)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 9 - INCOME TAXES (CONTINUED)

The following temporary differences gave rise to the deferred tax: reduction of rent expense attributable to rent abatement is not taxable since it was not received; and, the excess of book depreciation over tax depreciation.

Prepaid income tax represents an overpayment of local income tax that will be applied to the 2014 tax liability. The overpayment is attributable to estimated taxes being paid on projected taxable income which was greater than the actual income.

The Company incurred Net Operating Losses in years 2009 and 2010, the Net Operating Losses were carried back and applied against calendar years 2007 and 2008 federal income only. The Company incurred a net operating loss in 2012 of \$1,836,505 and carried back \$559,172 to calendar year 2011 federal income only. New York State and City only allow a carryback of \$10,000 and the balance may be carried forward for 20 years. Following are the New York State and City Net Operating Losses and the year they expire:

	<u>Amount</u>	<u>Year of Loss</u>	<u>Expiration</u>
Federal	\$1,277,333	2012	2032
New York State	1,576,387	2009	2029
	2,242,843	2010	2030
	1,837,985	2012	2032
New York City	1,566,508	2009	2029
	2,234,239	2010	2030
	1,829,374	2012	2032

The Federal, New York State and New York City income tax returns of the Company for 2010 through 2013 are subject to examination by the taxing authorities for three years after they were filed.

CARNEGIE, INC.
(a wholly owned subsidiary of Carnegie Investment Bank AB)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 10 - RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial year.

	<u>Commission and Fee Income</u>	<u>Trading Loss</u>	<u>Currency Gain (Loss)</u>	<u>Settlement Fees Paid</u>
Carnegie Investment Bank AB	\$4,978,130	\$ (114,741)	\$15,234	\$2,235,851
Carnegie Bank A/S	1,151,478	(2,762)	(5,080)	472,400
Carnegie ASA	1,783,499	(45,510)	3,918	744,438

Carnegie, Inc. reimbursed its parent for certain expenses totaling \$323,610. These expenses relate to items which were paid by the parent and were allocated to the group. The expenses were as follows:

Fix Order Routing	\$ 59,117
Exchange Expense	21,196
Software Licensing	11,344
Consulting Services	<u>231,953</u>
Total	<u>\$323,610</u>

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price to sell an asset or transfer a liability between market participants as of the measurement date. Fair value measurements assume the asset or liability is exchanged in an orderly manner; the exchange is in the principal market for that asset or liability (or in the most advantageous market when no principal market exists); and that the market participants are independent, knowledgeable, able and willing to transact an exchange. The new provisions also clarify that the reporting entity's nonperformance risk (credit risk) should be considered in valuing liabilities.

FASB ASC 820 establishes a framework for measuring fair value by creating a hierarchy for observable independent market inputs and unobservable market assumptions and expands disclosures about fair value measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Considerable judgment is required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented in the financial statements are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and estimation methodologies may have a material effect on the estimated fair value.

CARNEGIE, INC.
(a wholly owned subsidiary of Carnegie Investment Bank AB)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Carnegie has a number of financial instruments, including cash, none of the financial instruments are held for trading purposes.

Concentration of Credit Risk:

The credit risk for commission's receivable is concentrated because 100% of the balances due are from three related parties (see note 4 and 10). However, commissions receivable are collected within a short period of time, accordingly, commissions receivable are reported at the amount of the receivable outstanding.

NOTE 12 - SUBSEQUENT EVENTS

The Company's management has performed subsequent events procedures through February 18, 2014, which is the date the financial statements were available to be issued, there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

NOTE 13 - NET CAPITAL REQUIREMENTS

Carnegie is subject to the Securities and Exchange Commission 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 Carnegie maintain minimum net capital, as defined, equal to the greater of \$250,000 or 2 percent of aggregated debit balances arising from customer transactions, as defined. (The net capital rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if resulting net capital would be less than 5 percent of aggregate debits.) At December 31, 2013, Carnegie had net capital of \$3,763,625 which was \$3,513,625 in excess of its required net capital.

SUPPLEMENTARY INFORMATION
PURSUANT TO RULE 17A-5 OF THE
SECURITIES EXCHANGE ACT OF 1934
AS OF DECEMBER 31, 2013

SCHEDULE I
CARNEGIE, INC.
 (a wholly owned subsidiary of Carnegie Investment Bank AB)
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF
THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2013

NET CAPITAL	
Total Stockholder's Equity Qualified for Net Capital	<u>\$ 7,022,046</u>
Deductions and/or Charges	
Non-allowable Assets:	
Petty Cash	470
Commissions Receivable	1,720,060
Prepaid Income Taxes	5,310
Prepaid Expenses	133,264
Furniture, Equipment and Leasehold Improvements	104,783
Other Assets	<u>1,294,534</u>
Total Deductions and/or Charges	<u>3,258,421</u>
Net Capital before Haircuts on Securities Positions (Tentative Net Capital)	3,763,625
Haircuts on Investment Securities	<u>0</u>
Net Capital	<u>\$ 3,763,625</u>
Aggregate Indebtedness	
Items Included in Statement of Financial Condition:	
Accounts Payable and Accrued Expenses	\$ 1,616,063
Income Taxes Payable	23,845
Rent Abatement	<u>8,300</u>
Total Aggregate Indebtedness	<u>\$ 1,648,208</u>
COMPUTATION OF ALTERNATIVE NET CAPITAL REQUIREMENT	
2 percent of aggregate debit items (or \$250,000, if greater) as shown in Formula for reserve requirements pursuant to rule 15c3-3 prepared as of the date of net capital computation	
Capital Requirement of Broker, Dealer Electing Alternative Method	<u>250,000</u>
Total Net Capital Requirement	<u>\$ 250,000</u>
Excess Net Capital	<u>\$ 3,513,625</u>
Net Capital in excess of the greater of: 5 percent of aggregate debit items or 120% of minimum net capital requirement	<u>\$ 3,463,625</u>

SCHEDULE I (CONTINUED)
CARNEGIE, INC.
(a wholly owned subsidiary of Carnegie Investment Bank AB)
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF
THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2013

RECONCILIATION WITH CARNEGIE, INC. COMPUTATION

Net Capital, as reported in Company's Part II Focus Report	<u>\$ 3,763,625</u>
Net Capital per above	<u>\$ 3,763,625</u>

SCHEDULE II
CARNEGIE, INC.
(a wholly owned subsidiary of Carnegie Investment Bank AB)
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2013

As Carnegie, Inc. does not hold customer accounts, this schedule is not applicable.

SCHEDULE III
CARNEGIE, INC.

(a wholly owned subsidiary of Carnegie Investment Bank AB)

INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS UNDER
RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2013

- | | | |
|----|---|-------------|
| 1. | Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date but for which the required action was not taken by respondent within the time frames specified under rule 15c3-3.) | \$ <u>0</u> |
| A. | Number of items | \$ <u>0</u> |
| 2. | Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under rule 15c3-3. | \$ <u>0</u> |
| A. | Number of items | \$ <u>0</u> |

SCHEDULE IV
CARNEGIE, INC.

(a wholly owned subsidiary of Carnegie Investment Bank AB)

SCHEDULE OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION FOR
CUSTOMERS' REGULATED COMMODITY FUTURES AND OPTIONS ACCOUNTS
AS OF DECEMBER 31, 2013

As Carnegie, Inc. does not hold customer accounts, this schedule is not applicable.

INDEPENDENT ACCOUNTANTS' REPORT

ON INTERNAL CONTROL

AS OF DECEMBER 31, 2013



RegenBenzMacKenzie

Board of Directors
Carnegie Inc.
New York, New York

In planning and performing our audit of the financial statements of Carnegie Inc. (the Company a wholly owned subsidiary of Carnegie Investment Bank AB) as of and for the year ended December 31, 2013, 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 17a5(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 quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulations 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 previously 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.

REGEN, BENZ & MACKENZIE, C.P.A.'S, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

57 WEST 38TH STREET, NEW YORK, NEW YORK 10018
TELEPHONE 212.661.2720 FACSIMILE 212.681.6140

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 and 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, 2013, to meet the SEC's objectives.

The report is intended solely for the information and use of the Board of Directors, management, the SEC, The Financial Industry Regulatory Authority (FINRA) 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.

Regen, Benz & MacKenzie, CPAs, P.C.

New York, New York
February 18, 2014

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES RELATED TO AN
ENTITY'S SIPC ASSESSMENT RECONCILIATION
AS OF DECEMBER 31, 2013



RegenBenzMacKenzie

Board of Directors
Carnegie Inc.
New York, New York

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2013, which were agreed to by Carnegie Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Carnegie Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Carnegie Inc.'s management is responsible for Carnegie Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, including cash disbursements journal and posting to general ledger, noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2013, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2013 noting no differences;
3. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Regen, Benz & MacKenzie, CPAs, P.C.

February 18, 2014

REGEN, BENZ & MACKENZIE, C.P.A.'S, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

57 WEST 38TH STREET, NEW YORK, NEW YORK 10018
TELEPHONE 212.661.2720 FACSIMILE 212.681.6140

CARNEGIE, INC.
SEC FILE NUMBER 8-45389
SCHEDULE OF ASSESSMENT PAYMENTS SIPC
FOR THE ASSESSMENT PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2013

SIPC-7T - General Assessment:	\$ <u>28,587</u>
Amount paid to SIPC:	
July 22, 2013	12,362
February 5, 2014	<u>16,225</u>
Total Payments:	\$ <u>28,587</u>