Turnaround Partners, Inc.
Form 10KSB
April 17, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-KSB

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED
FOR THE YEAR ENDED DECEMBER 31, 2006

COMMISSION FILE NUMBER 0-28606

TURNAROUND PARTNERS, INC.

(Formerly EMERGE CAPITAL CORP.)

(Formerly NUWAVE TECHNOLOGIES, INC.)

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

NEVADA (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	22-3387630 (IRS EMPLOYER IDENTIFICATION NO.)
109 NORTH POST OAK LANE, SUITE 422 HOUSTON, TEXAS (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	77024 (ZIP CODE)

(713) 621-2737

(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Securities registered pursuant to Section 12(b) of the Act:

NONE

Securities registered pursuant to Section 12(g) of the Act:

COMMON STOCK PAR VALUE $0.001 PER SHARE

(TITLE OF CLASS)

Indicate by check mark whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety (90) days.

Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.

Yes o No x

The Company's revenues for its most recent fiscal year were $1,127,219.

The aggregate market value of the voting stock held by non-affiliates of the registrant as of April 10, 2007 was $367,702 based on a value of $0.013 per share.

The number of shares of common stock, par value $0.001 per share, outstanding as of April 10, 2007 were 39,784,753

Transitional Small Business Disclosure Format (check one) Yes o No x

TURNAROUND PARTNERS, INC.

(formerly EMERGE CAPITAL CORP.)

FORM 10-KSB

FOR THE YEAR ENDED DECEMBER 31, 2006

INDEX

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Overview

In this Annual Report the words “Turnaround Partners” “Turnaround Partners, Inc.”, “Turnaround”, the "Company", "we", "our" and "us" refer to Turnaround Partners, Inc., (formerly Emerge Capital Corp, formerly NuWave Technologies, Inc. (“NuWave”)) collectively with our consolidated subsidiaries, unless the context indicates otherwise. Our fiscal year ends on December 31st.

On August 31, 2005, NuWave entered into a merger agreement with Corporate Strategies, Inc. ("Corporate Strategies") and the shareholders of Corporate Strategies. The transaction was reflected as a reverse acquisition since control of the Company passed to the shareholders of Corporate Strategies. Subsequent to the merger, the Company changed its name to Emerge Capital Corp.

During August 2005, the shares of the equipment leasing subsidiary of Corporate Strategies were distributed to its shareholders. The mortgage brokerage subsidiary was sold in December 2005. In February 2006, the Company sold one of its real estate development subsidiaries. The Company disposed of these subsidiaries in order to focus primarily on the business activities of Corporate Strategies going forward. In November of 2006, we migrated from Delaware to Nevada.

Operations

Principal services and our market

The Company is an established provider of restructuring strategies, turnaround execution and business development services for emerging and re-emerging public companies. The Company markets its services to individual public companies, hedge funds, institutional investors and banks that have significant exposure in troubled micro-cap public companies. These companies are typically either in operational or financial difficulty and may be in default of lending or equity agreements, and as a result, they may be facing bankruptcy or liquidation if their operations are not turned around.

The Company is generally compensated with a combination of cash payments on a monthly or quarterly basis, and outright grants of equity in the form of common stock and/or warrants for purchasing common stock. We believe this compensation plan aligns our interests with the client company's shareholders because our ultimate compensation is maximized by successfully increasing shareholder value. This performance based compensation arrangement clearly demonstrates that our interests are consistent with both our clients and their shareholders.

The Company minimizes risk from our restructuring/turnaround clients by implementing the following policies:

- The Company will not assume the financial obligations of the clientcompany in any circumstance. In most cases, the financialinstitution with the greatest risk has referred the Company to the transaction.

- The Company requires the client or their investor to provide the client company with working capital necessary to execute theturnaround plan.

- The Company requires the client to fully indemnify the Company against any actions, with the exception of gross negligence or malfeasance.

- If the client has officer and director insurance, we require the client to add the Company or any of the Company's contractors as insured parties under the policy.

- Should the Company consider altering any of the policies above, it will require a vote of the Board of Directors to waive them and agree to the maximum amount of risk that the Company will assume.

Competition for our services

Competition for the services we provide comes mainly from turnaround management and restructuring firms, financial advisory firms, business consulting firms and crisis management groups, many of which have substantially more capital resources than the Company.

Due to the large amount of capital provided by institutional funds into the sector over the last three (3) years, the Company is optimistic that business conditions should result in significant growth opportunities for companies positioned in the restructuring and turnaround management sector.

To date, a significant portion of our business has come from an institutional fund (Cornell Capital Partners) that invests primarily in micro-cap companies.

Employees

As of March 20, 2007, the Company has 4 part time employees and employs the services of 2 others on a contract basis. The controller and data entry clerk are considered contract employees whom also work for an affiliated company as contract employees.

ITEM 2. DESCRIPTION OF PROPERTY

We maintain our headquarters in Houston, Texas through a five (5) year lease effective February, 2005 which provides 2,644 square feet of office space. We believe that the property is adequate and suitable for our current needs. We share this space with one of our affiliates.

At the time of the August 2005 merger, the Company acquired a residential property consisting of land and a residential building in Jersey City, New Jersey for a total purchase price of $122,000. The purchase price was paid with $113,000 in cash and $9,000 in the form of a deposit. The property was sold in December, 2005 for $165,000 and the Company took a mortgage note in the amount of $148,500 due December 1, 2006, which has been extended to May 1, 2007, secured by a mortgage on the property.

Also at the time of the merger, Turnaround Partners, through its wholly owned-subsidiary Lehigh Acquisition Corp. ("Lehigh"), acquired a five acre parcel of un-developed acreage in Cranford, New Jersey. Turnaround intended to develop the property into a 55 and over residential community. In February 2006, the Company sold Lehigh to Cornell Capital Partners LP for total proceeds of approximately $5,556,000, including cash of $93,000, repayment of $ 4,881,000 promissory notes and $400,000 convertible debentures to Cornell Capital and payment of $182,000 of payables. The transaction resulted in a gain of approximately $3,317,406 in February 2006.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On or about October 27, 2006, the Company furnished a Definitive Information Statement to all holders of shares of common stock and Series B and D Preferred stock of record at the close of business on October 23, 2006 with respect to the intent of a majority of the shareholders to approve (a) a name change of the Company from Emerge Capital Corp to Turnaround Partners, Inc. (b) to approve the migration of the Company from a Delaware corporation to a Nevada corporation, and (c) to approve an increase of the number of authorized shares of Common Stock of the

Company from Nine Hundred Million (900,000,000) to Five Billion (5,000,000,000). The Company filed the Definitive Information Statement with the SEC on Schedule 14C on October 27, 2006. The proposals were approved and the Definitive Information Statement became effective on or about November 14, 2006.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

Market Information

Turnaround Partners, Inc.'s , common stock, par value $0.001 per share, is traded on the Over-the-Counter Bulletin Board (OTCBB) Market under the symbol TRNP.OB. The OTCBB is a regulated quotation service that displays real-time quotes, last-sale prices and volume information in over-the-counter equity securities. The following table sets forth the range of high and low closing bid prices for our common stock as reported on the OTCBB during each of the quarters presented. The quotations set forth below are inter-dealer quotations, without retail mark-ups, mark-downs or commissions and do not necessarily represent actual transactions.

	Bid Price Per Share	
	High	Low
Three months ended March 31, 2005 (2)	$ 0.065	$ 0.080
Three months ended June 30, 2005 (2)	0.095	0.020
Three months ended September , 2005 (1)	0.180	0.050
Three months ended December 31, 2005	0.230	0.060
Three months ended March 31, 2006	$ 0.170	$ 0.060
Three months ended June 30, 2006	0.100	0.072
Three months ended September , 2006	0.080	0.051
Three months ended December 31, 2006	0.060	0.010

(1) The August 2005 merger by and among NuWave Technologies, Inc and Corporate Strategies and its shareholders took place on August 31, 2005 (the Merger Date). Any common stock data transactions which occurred prior to the Merger Date pertain to NuWave Technologies, Inc.

(2) On July 21, 2003, NuWave Technologies Inc effected a 1:50 reverse stock split, as previously approved by shareholders. All closing sales prices above have been restated retroactively for the effect of the reverse stock split.

As of December 31, 2006, there were approximately 105 holders of record of the Company's common stock. This number does not include beneficial owners of the common stock whose shares are held in the names of various dealers, clearing agencies, banks, brokers and other fiduciaries.

The Company has never declared or paid any cash dividends on its common shares.

The Company currently intends to retain any future earnings to finance the growth and development of its business and future operations, and therefore does not anticipate paying any cash dividends in the foreseeable future.

Securities Authorized for Issuance under Equity Compensation Plans

On December 13, 2005, we established the Turnaround Partners, Inc. 2005 Stock Incentive Plan (the "Plan"). The Plan was adopted and approved by our shareholders. On a calendar year basis, an amount of shares of Common Stock equivalent to fifteen percent (15%) of the fully diluted shares outstanding on January 2 of any such calendar year (without taking into account outstanding Awards as defined in the Plan at the end of the prior calendar year) may be allocated, at the discretion of the Administrator, to be granted as Awards under the Plan, less Awards outstanding at the end of the prior calendar year. In no event shall the number of shares which may be allocated as Awards under the Plan be more than Ten Million (10,000,000) shares of Common Stock for a given calendar year. At present, there are no outstanding options.

Pursuant to the purchase of our interest in Kipling Holdings, Inc. ("Kipling") as fully described in Item 6, and effective September 25, 2006, the Board of Directors approved the designation of Series D convertible preferred stock (the "Series D"), par value of $0.01, to consist of up to One Hundred Thousand (100,000) shares. As a result of the Kipling purchase, on December 31, 2006, the Board of Directors reduced the 93,334 shares of then outstanding Series D owned by our CEO, Timothy J. Connolly, and his spouse to Seven Hundred (700) shares of Series D. The Series D ranks pari passu with the common stock of the Company on an "as converted" basis, and senior to the Company's Series A, B and C preferred stock. The holders of the Series D are entitled to receive dividends or distributions on a pro rata basis when and if dividends are declared on our Common Stock, but with no liquidation preference. Each share of the Series D may be convertible, at the option of the holder, at any time and from time to time after December 31, 2006 through December 31, 2010, into that number of shares of Common Stock equal to the greater of (a) one tenth of one percent (0.1%) of the total number of shares of Common Stock issued and outstanding as of the last day of the fiscal quarter immediately preceding such date of conversion, calculated on a fully diluted basis after giving effect to the conversion of such share(s) of Series D and (b) One Hundred Thousand (100,000) shares of Common Stock. Each share of Series D Preferred Stock held by the Holders which has not been converted on or before December 31, 2010 into shares of Common Stock shall be convertible, at the option of the Holder of such share, at any time and from time to time after December 31, 2010 into one tenth of one percent (0.1%) of the total number of shares of Common Stock issued and outstanding on December 31, 2010, calculated on a fully diluted basis after giving effect to the conversion of such share(s) of Series D Preferred Stock. The shares of Common Stock received upon conversion shall be fully paid and non-assessable shares of Common Stock.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Annual Report on Form 10-KSB, and the accompanying MD&A, contains forward-looking statements. Statements contained in this report about Turnaround Partners, Inc.'s future outlook, prospects, strategies and plans, and about industry conditions and demand for our financial services are forward-looking. All statements that express belief, expectation, estimates or intentions, as well as those that are not statements of historical fact, are forward looking. The words "proposed," "anticipates," "anticipated," "will," "would," "should," "estimates" and similar expressions are intended to identify forward-looking statements. Forward-looking statements represent our reasonable belief and are based on our current expectations and assumptions with respect to future events. While we believe our expectations and assumptions are reasonable, they involve risks and uncertainties beyond our control that could cause the actual results or outcome to differ materially from the expected results or outcome reflected in our forward-looking statements. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this annual report may not occur. Such risks and uncertainties include, without limitation, our continuing success in securing consulting agreements, conditions in the capital and equity markets that provide opportunities for our restructuring and turnaround services, our success in trading marketable securities, our ability to maintain contracts that are critical to our operations, actual customer demand for our financing and related services, collection of accounts and notes receivable and our ability to obtain and maintain normal terms with our vendors and service providers during the periods covered by the forward-looking statements.

The forward-looking statements contained in this report speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or any other reason. All forward-looking statements attributable to Turnaround Partners, Inc. or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Annual Report filed on Form 10-KSB and in our future periodic reports filed with the SEC. The following M,D&A should be read in conjunction with these audited Consolidated Financial Statements of the Company, and the related notes thereto included elsewhere herein.

Results of Operations

The financial statements include the results of operations of Corporate Strategies since its inception and the results of operations of Nuwave and its subsidiaries beginning August 31, 2005, the date of the merger agreement (“Merger Agreement”).

On December 31, 2005, the Company sold its subsidiary, Aim American Mortgage, Inc. (“Aim”), for a convertible debenture. Aim is engaged in residential mortgage brokerage activities. Aim’s activity has been reflected in discontinued operations in these financial statements.

On October 22, 2004, the Company formed CSI Business Finance, Inc. ("CSIBF"), a corporation organized under the laws of the state of Texas, for the purpose of engaging in equipment leasing and other business finance activities. On August 31, 2005, CSIBF was distributed to shareholders and has been reflected in discontinued operations in the financial statements for 2005.

In August of 2005, Corporate Strategies, Inc. entered into a share exchange agreement whereby it exchanged all of the common stock of its subsidiary, CSI Business Finance, for 100,000 restricted shares of Series A Convertible Preferred stock of Health Express USA Inc. (HEXS.OB) - subsequently named Natural Nutrition, Inc. (NNTN.OB). The preferred stock shares acquired in this transaction were distributed to the shareholders of Corporate Strategies in the form of a dividend.

On August 31, 2005, NuWave Technologies, Inc. ("NuWave" or "the Company") entered into a merger agreement (the "Agreement") with Corporate Strategies, Inc. ("Corporate Strategies") and the shareholders of Corporate Strategies
("Shareholders"). The Company was subsequently renamed Turnaround Partners, Inc. The transaction was accounted for as a reverse acquisition since control of the merged group passed to the shareholders of the acquired company (Corporate Strategies).

Pursuant to the terms of the Agreement, the Company issued one (1) share of its common stock ("Common Stock"), par value $0.001 per share, to each holder of Corporate Strategies Class A common stock in exchange for two (2) shares of Corporate Strategies Class A common stock, par value $0.001 per share. Second, the Company issued one (1) share of the Company's Series C preferred stock ("Series C Preferred"), par value $0.01 per share, to each holder of Corporate Strategies Series A preferred stock for one (1) share of Corporate Strategies Series A preferred stock, par value $0.001 per share.

The Company issued and delivered shares of its Series B convertible Preferred stock ("Series B Preferred") to each holder of Corporate Strategies Class B common stock so that effectively upon conversion of the Series B Preferred into common shares, the common shares issued upon conversion shall be equal to ninety-five percent (95%) of the issued and outstanding stock of the Company (calculated on a fully diluted basis as of the date of the Merger, following the issuance of all the Merger Consideration (as such term is defined in the Agreement) and after giving effect to such conversion, but not including any shares of Common Stock issuable upon conversion of any then outstanding Company convertible debentures). Therefore, the Merger Consideration for the Common Stock, Series C Preferred and Series B Preferred was the Corporate Strategies Class A common, Series A preferred and Class B common, respectively. The number of shares issued to the Shareholders in connection with the Merger was based upon a determination by the Company's Board of Directors (the "Board").

The terms of the Series B Preferred were subsequently modified. In connection with the Kipling purchase, 93,334 shares of Series B Preferred were exchanged for a like number of Series D Preferred, which were subsequently reduced to 700 shares of Series D Preferred. The remaining 6,666 shares of Series B Preferred are convertible into 4,195,445 shares of common stock. Each share of the Series D may be convertible, at the option of the holder, at any time and from time to time after December 31, 2006 through December 31, 2010, into that number of shares of Common Stock equal to the greater of (a) one tenth of one percent (0.1%) of the total number of shares of Common Stock issued and outstanding as of the last day of the fiscal quarter immediately preceding such date of conversion, calculated on a fully diluted basis after giving effect to the conversion of such share(s) of Series D and (b) One Hundred Thousand (100,000) shares of Common Stock. Each share of Series D Preferred Stock held by the Holders which has not been converted on or before December 31, 2010 into shares of Common Stock shall be convertible, at the option of the Holder of such share, at any time and from time to time after December 31, 2010 into one tenth of one percent (0.1%) of the total number of shares of Common Stock issued and outstanding on December 31, 2010, calculated on a fully diluted basis after giving effect to the conversion of such share(s) of Series D Preferred Stock. The shares of Common Stock received upon conversion shall be fully paid and non-assessable shares of Common Stock.

The Series B and D Preferred shareholders and the holders of the common stock vote together and the Series B and D Preferred shall be counted on an "as converted" basis, thereby giving the Series B and D Preferred shareholders control of the Company. The transaction was accounted for as a reverse acquisition since control of the merged group passed to the shareholders of the acquired company (Corporate Strategies).

On October 27, 2006, we filed a Schedule 14C Information statement. This information statement was furnished to all holders of shares of common stock and Series B and D convertible preferred stock of record at the close of business on October 23, 2006. Within this statement, the corporate actions involved three proposals providing for the following:

1. To approve a change of name of the Company to Turnaround Partners, Inc;
2. To approve the migration of the Company from a Delaware corporation to a Nevada corporation; and
3. To approve an increase of the number of authorized shares of Common Stock of the Company from Nine Hundred Million (900,000,000) to Five Billion (5,000,000,000) shares.

Lehigh Acquisition Corp. ("Lehigh") was a subsidiary of NuWave and is treated as if it was acquired August 31, 2005, the date of the merger. Lehigh was sold on February 3, 2006. The financial statements include the operations of Lehigh through February 3, 2006 as discontinued operations.

On May 31, 2006, we filed an S-8 with the Securities and Exchange Commission for the Turnaround Partners, Inc. 2005 Stock Incentive Plan (the “Plan”). The document was submitted to register 10,000,000 shares of common stock. The purpose of the Plan is to promote the long-term growth and profitability of the Company by (a) providing key people with incentives to improve shareholder value and to contribute to the growth and financial success of the Company, and (b) enabling the Company to attract, retain and reward the best-available persons. This document is herein incorporated by reference.

On June 26, 2006, we filed an SB-2 with the Securities Exchange Commission. The prospectus related to the registration of (a) 1,860,000 shares of common stock of Turnaround Partners, Inc. that would have been offered for sale from time to time by Cornell Capital Partners, LP (“Cornell Capital”), (b) 937,500 shares of common stock of Turnaround Partners, Inc. that would have been offered for sale from time to time by iVoice, Inc. and (c) 2,812,500 shares of common stock of Turnaround Partners, Inc. that would have been distributed by dividend by iVoice to all of the Class A common stockholders of iVoice. Turnaround Partners, Inc. was not selling any shares of common stock in this offering and therefore would not have received any proceeds from this offering. On August 31, 2006, we formally withdrew this registration statement pursuant to Rule 477(a) under the General Rules and Regulations under the

Securities Act of 1933, as amended.

Pursuant to the purchase of our interest in Kipling Holdings, Inc. (“Kipling”) as fully described in Item 6, and effective September 25, 2006, the Board of Directors approved the designation of Series D convertible preferred stock (the “Series D”), par value of $0.01, to consist of up to One Hundred Thousand (100,000) shares. As a result of the Kipling purchase, on December 31, 2006, the Board of Directors reduced the 93,334 shares of then outstanding Series D owned by our CEO, Timothy J. Connolly, and his spouse to Seven Hundred (700) shares of Series D. The Series D ranks pari passu with the common stock of the Company on an “as converted” basis, and senior to the Company’s Series A, B and C preferred stock. The holders of the Series D are entitled to receive dividends or distributions on a pro rata basis when and if dividends are declared on our Common Stock, but with no liquidation preference. Each share of the Series D may be convertible, at the option of the holder, at any time and from time to time after December 31, 2006 through December 31, 2010, into that number of shares of Common Stock equal to the greater of (a) one tenth of one percent (0.1%) of the total number of shares of Common Stock issued and outstanding as of the last day of the fiscal quarter immediately preceding such date of conversion, calculated on a fully diluted basis after giving effect to the conversion of such share(s) of Series D and (b) One Hundred Thousand (100,000) shares of Common Stock. Each share of Series D Preferred Stock held by the Holders which has not been converted on or before December 31, 2010 into shares of Common Stock shall be convertible, at the option of the Holder of such share, at any time and from time to time after December 31, 2010 into one tenth of one percent (0.1%) of the total number of shares of Common Stock issued and outstanding on December 31, 2010, calculated on a fully diluted basis after giving effect to the conversion of such share(s) of Series D Preferred Stock. The shares of Common Stock received upon conversion shall be fully paid and non-assessable shares of Common Stock.

On September 30, 2006, we completed a stock purchase agreement (the "Purchase Agreement") to acquire 100% of the total issued and outstanding capital stock of Kipling Holdings, Inc., a Delaware corporation from Timothy J. Connolly in consideration of (a) our assumption of all of the liabilities of Kipling, subject to certain consents, (b) certain anti-dilution rights as set forth in the Purchase Agreement and (c) all legal and other costs and expenses incurred by Kipling in consideration with this Purchase Agreement. Mr. Connolly serves as CEO of Turnaround and therefore (i) Turnaround obtained a third party appraisal of the Company which valued the acquired asset at Two Million Two Hundred Fifty Thousand Dollars ($2,250,000) more than the liabilities assumed and (ii) Turnaround's other (disinterested) Board member and CFO reviewed and approved this affiliate transaction. Mr. Connolly received no profit from this affiliated transaction. Because this transaction was between parties under common control, we recorded the $3,313,264 of consideration in excess of Mr. Connolly's original cost basis as a deemed distribution to Mr. Connolly. The Purchase Agreement had been subject to the written consent of Highgate House Funds, Ltd. ("Highgate") an affiliate of Cornell Capital Partners, which the Company and Highgate reduced to writing effective as of September 30, 2006. Kipling, at December 31, 2006, owned a thirty percent interest in a Hilton hotel, which commenced operations in February 2007, in West Palm Beach, Florida. Since the purchase was effective on September 30, 2006 the Company did not record any revenue or expenses during the nine months ended September 30, 2006.

In a separate agreement with an individual, the Company issued an additional 2,000,000 shares and 3,000,000 warrants ($0.05 per warrant) in consideration of the individual's surrender of his option, rights or other interests whatsoever to purchase any capital stock of Kipling Holdings, Inc. The Company has valued these 2,000,000 shares at $140,000. The Company used the closing price of $0.07 per share on September 30, 2006, the date of contract execution, as the value assigned to these shares. This expense is included as merger expense for the twelve months ended December 31, 2006. The Company has valued the 3,000,000 warrants in the amount of $141,000 using the Black Sholes method which is being amortized over the term of the agreement.

In November 2006, we migrated from a Delaware corporation to a Nevada corporation.

Certain reclassifications have been made to the 2005 financial statements to conform to the 2006 financial statement presentation.

Results of continuing operations for the year ended December 31, 2006 (the "2006 Period") as compared with December 31, 2005 (the "2005 Period").

We primarily provide business restructuring, turnaround execution and business development advisory services for emerging and re-emerging public and private companies. The Company also actively trades securities and options with available cash. Many of these transactions contain a considerable amount of risk. Under our consulting agreements, we do not take positions in securities of our clients that at any one time would cause us to have an ownership interest in them of over 4.99%.

Revenues

Discount income decreased by approximately $143,000 to $10,425 in the 2006 Period as compared with the 2005 Period, reflecting decreased business volume for a major customer and the loss of two other customers. Management does not anticipate generating any significant new business in this area.

Consulting revenue increased by approximately $780,000 to $963,277 in the 2006 Period. Consulting revenues are generally one-time fees related to specific events, or contracts covering services to be rendered over a period of time. The Company
enters into contracts to provide strategic consulting services, including general business development, mergers, acquisitions, management advisory, and restructuring services. There were three such contracts at December 31, 2006.

The contracts generally provide for a base payment equal to $6,000 - $12,000 per month, which may be payable in stock, with additional fees for consulting services beyond a preset amount. Some contracts include warrants or success fees. One of our existing agreements calls for payment in stock of approximately $44,000 per month.

We recorded overall losses in marketable securities in the 2006 Period of approximately $51,000 versus a gain of approximately $81,000 in the 2005 Period. The Company accepts both compensation for its services and invests in micro cap marketable securities. Most of these securities are in companies defined as penny stocks and are volatile, trading substantially up or down in any given quarter.

Fee income represents brokerage fees of approximately $205,000 received in 2006 on loans we referred to an affiliated company, CSI Business Finance Inc. Fees for the 2005 Period in the amount of $174,900 were comparable to the 2006 Period.

General and Administrative Expenses

General and administrative expenses increased by approximately $915,000 to $2,261,933 for the 2006 Period as compared to the 2005 Period. For the twelve months ended December 31, 2006, general and administrative expenses were primarily comprised of salaries and benefits ($892,286), and professional fees ($855,722). The remaining general and administrative expenses were comprised of business development, rent, advertising and other ordinary expenses necessary for our operations. For the twelve months ended December 31, 2005, general and administrative expenses were $1,346,723 and consisted primarily of salaries and benefits ($516,496), professional fees ($366,754), and business development, travel and entertainment ($134,465) and other ordinary expenses necessary for our operations. Our company shares office space and certain administrative functions and staff with an affiliated company to whom we allocate costs for these shared functions based on an estimate of time usage. We have not yet reached the size to benefit from separate office space and a full time staff.

Salaries and benefits increased by approximately $376,000 to $892,000 in the 2006 Period as compared to the 2005 Period, primarily representing new part-time employees added during the third quarter 2005, and the hiring of a part-time Chief Financial Officer in July 2006. Our CEO was paid a $100,000 bonus for the 2006 Period.

Professional fees were approximately $856,000 for the twelve months ended December 31, 2006, an increase of approximately $489,000 as compared to the 2005 Period. The increase represented additional accounting, legal and consulting fees relating to regulatory requirements of being a public company and acquisitions due diligence.

We allocate overhead to an affiliate for items such as rent, payroll and other general operating expenses. For the 2006 Period we allocated approximately $308,000 versus $38,000 for the 2005 Period.

Other income and expense

We recorded derivative income of $3,642,080 for the twelve months ended December 31, 2006 versus an expense of $108,357 for the same period ended December 31, 2005. These amounts represent the change in the fair value of the net derivative liability.

In connection with the acquisition of Kipling Holdings, Inc on September 30, 2006, we paid $140,000 under a services contract to an individual. This expense has been classified as a merger expense in the results of operations for the twelve months ended December 31, 2006.

We recorded a merger expense associated with the acquisition of NuWave for the twelve months ended December 31, 2005 in the amount of $3,434,943.

Certain convertible debt was considered extinguished in the first quarter 2006 because of the sale of Lehigh. The extinguishment income was $130,563 for the twelve months ended December 31, 2006.

Interest expense increased by approximately $449,000 for the twelve months ended December 31, 2006 as compared to the same period ended December 31, 2005. The increase is primarily a result of the amortization of discounts related to derivatives on our convertible debentures.

Discontinued Operations

During February 2006, the Company sold the shares of its wholly-owned subsidiary Lehigh. During 2005, the Company either sold or distributed the shares of its mortgage brokerage subsidiary and its business finance subsidiary. The loss from discontinued operations was $218,102 for the twelve months ended December 31, 2005 and $4,688, for the twelve months ended December 31, 2006, net of applicable income tax.

Gain on sale of subsidiary of $3,042,406 represents the gain on the sale of Lehigh in February 2006.

During August 2005, Corporate Strategies distributed the shares of its business finance subsidiary (CSI Business Finance, Inc.) to its shareholders. On December 31, 2005, the Company sold its mortgage brokerage subsidiary for a convertible debenture. Based on a review for collectibility at the transaction date, it was determined that collectibility was improbable and, accordingly no proceeds were recognized from the sale. Since the mortgage brokerage subsidiary had negative equity at the sale date, the Company recognized a profit to the extent of net liabilities assumed by the purchaser. In December 2006, we received $275,000 in full satisfaction of the convertible debenture which was recorded as a gain on sale of subsidiary at December 31, 2006.

LIQUIDITY AND CAPITAL RESOURCES

Operating activities

We recorded net income for the twelve months ended December 31, 2006 of $4,936,074 versus a net loss of $4,120,911 for the twelve months ended December 31, 2005. Our net income for the twelve months ended December 31, 2006 was primarily a result of the gain on sale of Lehigh and our net change in fair value of derivative liability. Net cash provided by operating activities was $146,119 for the twelve months ended December 31, 2006. In addition to our gain on the sale of Lehigh in the amount of $3,042,406 and collection of the convertible debenture in the amount of $275,000, and our net change in fair value of derivative liability in the amount of $3,642,080, our marketable securities decreased in value by approximately $391,000. During the twelve months ended December 31, 2006, we collected approximately $344,000 on a note from an affiliate.

At December 31, 2006, the Company had a working capital deficit of approximately $1,934,000 including $98,452 of restricted cash. Our working capital deficit includes a computed liability for the fair value of derivatives of $995,940, which will only be realized on the conversion of the derivatives, or settlement of the debentures. We also have $1,696,902, net of discount, of debentures that will mature in July of 2007. The Company at its option can force conversion of these convertible debentures into the Company's common stock at maturity date.

We have a Standby Equity Distribution Agreement (the "SEDA") with Cornell under which the Company may, at its discretion, periodically sell to Cornell registered shares of the Company's common stock for a total purchase price of up to $30 million. For each share of common stock purchased under the SEDA, Cornell will pay Turnaround Partners, Inc. 99% of the lowest closing bid price on the Over-the-Counter Bulletin Board or other principal market on which its common stock is traded for the 5 days immediately following the notice date. Furthermore, Cornell will retain a fee of 10% of each advance made under the SEDA. Additionally, we have been advised that an updated registration statement of the SEDA may be necessary in order to draw down capital under the terms of the SEDA.

The amount of each advance is limited to a maximum draw down of $1,000,000 every seven (7) trading days up to a maximum of $4,000,000 in any 30-day period. The Company's ability to request advances is conditioned upon the Company having enough shares of common stock registered pursuant to the SEC rules and regulations. In addition, the Company may not request advances if the shares to be issued in connection with such advances would result in Cornell owning more than 4.99% of the Company's outstanding common stock.

Under our consulting agreements, we do not take positions in securities of our clients that at any one time would cause us to have an ownership interest in them of over 4.99%. Because of this restriction, we could be hindered in our ability to generate necessary cash for our operations.

Investing activities

We purchased fixed assets in the amount of approximately $22,000 for the twelve months ended December 31, 2006. Cash received from the sale of Lehigh was $93,396. We received cash in the amount of approximately $191,000 as a result of the purchase of Kipling Holdings, Inc, and preferred returns from this investment in the amount of $78,750.

Financing activities

For the twelve months ended December 31, 2006, we repaid approximately $64,000 on note payables.

We have 249 shares of Series C preferred stock outstanding. The stock has a liquidation preference of $373,500 and is redeemable at $1,500 per share at the Company’s option. Dividends are cumulative and accrue at the rate of $120 per share per year. Although the Series C stock is redeemable at the option of the Company, the holder of these shares is our Chairman of the Board of Directors. Since these shares are held by our Chairman, who effectively has control of the redemption, we have classified our Series C preferred stock, and associated paid in capital, as a liability in accordance with with EITF Topic No. D-98 “Classification and Measurement of Redeemable Securities”.

We paid dividends on our preferred Series C stock in the amount of $31,809, $27,255 of which was paid to our Chairman of the Board of Directors, and consequently has been reclassified as interest expense.

Our cash flows for the periods are summarized below:

		Year ended December 31, 2006		Year ended December 31, 2005
Net cash provided by (used in) operating activities	$	146,119	$	(50,074)
Net cash provided by (used in) investing activities		599,635		(172,405)
Net cash provided by financing activities		(68,812)		274,804

Our cash increased by $676,942 since December 31, 2005.

Management believes the Company has adequate working capital and cash to be provided from operating activities to fund current levels of operations. We anticipate that our company will grow. As our business grows we believe that we will have to raise additional capital in the private debt and/or public equity markets to fund our investments. We could also potentially realize proceeds from our shelf registration statement.

OFF-BALANCE SHEET ARRANGEMENTS

The Company leases its office space under an operating lease. Rental expense under operating leases for continuing operations aggregated $76,395 and $71,819 for the years ended December 31, 2006 and 2005, respectively. Effective February 10, 2005, the Company entered into a new five year lease in a new building and moved the Company's headquarters there, with AIM remaining in the other leased area. AIM was sold in December 2005 and assumed the lease on the area they occupy.

Future minimum payments under non-cancellable operating leases for continuing operations with initial or remaining terms of one year or more consist of the following at December 31, 2006:

		Operating Leases
2007	$	73,591
2008		74,032
2009		74,032
2010		8,058
Total minimum lease payments	$	229,713

Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board issued FASB Interpretation No. 48, *"Accounting for Uncertainty in Income Taxes"* ("FIN 48"). FIN 48 clarifies the application of SFAS No. 109, *Accounting for Income Taxes*, by establishing a threshold condition that a tax position must meet for any part of the benefit of that position to be recognized in the financial statements. In addition to recognition, FIN 48 provides guidance concerning measurement, derecognition, classification and disclosure of tax positions. FIN 48 is effective for fiscal years beginning after December 15, 2006; accordingly, the Company will adopt FIN 48 effective as of January 1, 2007. The Company does not anticipate that the adoption of FIN 48 will have a material impact on its effective tax rate.

In September 2006, the Financial Accounting Standards Board (“FASB”) issued FASB Staff Position (“FSP”) AUG AIR-1 — Accounting for Planned Major Maintenance Activities. FSP AUG AIR-1 prohibits the use of the accrue-in-advance method of accounting for planned major maintenance activities because it results in the recognition of a liability in a period prior to the occurrence of the transaction or event obligating the entity. FSP AUG AIR-1 is effective for fiscal years beginning after December 15, 2006 and its guidance is applicable to entities in all industries. The Company will adopt the guidance in FSP AUG-AIR-1 as of January 1, 2007. The Company does not believe the adoption of this guidance will have an impact on its financial position and results of operations.

In September 2006, the Securities and Exchange Commission staff issued Staff Accounting Bulletin ("SAB") No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements.* SAB 108 provides guidance on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. SAB 108 established a dual approach that requires quantification of errors under two methods: (1) roll-over method which quantifies the amount by which the current year income statement is misstated, and (2) the iron curtain method which quantifies the error as the cumulative amount by which the current year balance sheet is misstated. In some situations, companies will be required to record errors that occurred in prior years even though those errors were immaterial for each year in which they arose. Companies may choose to either restate all previously presented financial statements or record the cumulative effect of such errors as an adjustment to retained earnings at the beginning of the period in which SAB 108 is applied. SAB 108 is effective for fiscal years ending after November 15, 2006. The adoption of this pronouncement did not have an impact on the Company's financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"), which is intended to increase consistency and comparability in fair value measurements by defining fair value, establishing a framework for measuring fair value and expanding disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company will adopt SFAS 157 on January 1, 2008, and has not yet determined the impact, if any, on its consolidated financial statements.

Critical Accounting Policies

DERIVATIVE FINANCIAL INSTRUMENTS

The derivatives issued from 2003 through 2006 have been accounted for in accordance with SFAS 133 and EITF No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock."

The Company has identified that these debentures have embedded derivatives. These embedded derivatives have been bifurcated from their respective host debt contracts and accounted for as derivative liabilities in accordance with EITF 00-19. When multiple derivatives exist within the Convertible Notes, they have been bundled together as a single hybrid compound instrument in accordance with SFAS No. 133 Derivatives Implementation Group Implementation Issue No. B-15, "Embedded Derivatives: Separate Accounting for Multiple Derivative Features Embedded in a Single Hybrid Instrument".

The embedded derivatives within the Convertible Notes have been recorded at fair value at the date of issuance; and are marked-to-market each reporting period with changes in fair value recorded to the Company's income statement as "Net change in fair value of derivative liabilities". The Company has utilized a third party valuation firm to fair value the embedded derivatives using a layered discounted probability-weighted cash flow approach.

The fair value of the derivative liabilities are subject to the changes in the trading value of the Company's common stock, as well as other factors. As a result, the Company's financial statements may fluctuate from quarter-to-quarter based on factors, such as the price of the Company's stock at the balance sheet date and the amount of shares converted by note holders. Consequently, our financial position and results of operations may vary from quarter-to-quarter based on conditions other than our operating revenues and expenses.

REVENUE RECOGNITION

The Company follows the guidance of the SEC's Staff Accounting Bulletin No. 104 for revenue recognition. The Company records revenue when persuasive evidence of an arrangement exists, services have been rendered or product delivery has occurred, the sales price to the customer is fixed or determinable, and collectibility is reasonably assured.

ITEM 7. FINANCIAL STATEMENTS

The Consolidated Financial Statements of Turnaround Partners, Inc. (formerly Emerge Capital Corp) required by Item 310(a)of Regulation S-B are attached to this Annual Report. Reference is made to Item 13 below for an Index to such Consolidated Financial Statements.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

(A) Previous Independent Accountants:

(1) (i) Effective November 2, 2005, the Company dismissed Weiser LLP ("Weiser") as its independent registered public accounting firm.

(ii) Weiser's report on the Company's financial statements for the past two (2) fiscal years, which includes Weiser's sole report for the fiscal year ended December 31, 2004, did not contain an adverse opinion or a disclaimer of opinion, and was not qualified as to uncertainty, audit scope, or accounting principles; however, the report included an explanatory paragraph wherein Weiser expressed substantial doubt about the Registrant's ability to continue as a going concern.

(iii) The change of independent registered public accountants was approved by the Company's Board on November 2, 2005.

(iv) During the Company's most recent two (2) fiscal years, which includes Weiser's sole report on the Registrant's financial statements for the fiscal year ended December 31, 2004, as well as the subsequent interim period through November 2, 2005, there were no disagreements on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements if not resolved to their satisfaction would have caused them to make reference in connection with their opinion to the subject matter of the disagreement.

(v) During the Company's most recent two (2) fiscal years, which includes Weiser's sole report on the Registrant's financial statements for the fiscal year ended December 31, 2004, as well as the subsequent interim period through November 2, 2005, Weiser did not advise the Company of any of the matters identified in Item 304(a)(1)(iv)(B) of Regulation S-B.

(B) New Independent Accountants:

On November 2, 2005, the Company engaged Thomas Leger & Co., L.L.P. ("Thomas Leger") as its independent registered public accounting firm to audit the Company's financial statements. The Company did not consult Thomas Leger on any matters described in Item 304(a)(2)(i) or (ii) of Regulation S-B during the Company's two (2) most recent fiscal years or any subsequent interim period prior to engaging Thomas Leger. Thomas Leger were previously the auditors of Corporate Strategies, Inc.

(C) The merger was treated as a reverse acquisition, with Corporate Strategies the surviving entity. The name of the Company was subsequently changed to Turnaround Partners, Inc.

ITEM 8A. CONTROLS AND PROCEDURES

Because of its size, the Company shares its accounting staff with an affiliated company and is comprised of its Chief Financial Officer, who is shared with an affiliate, a controller and a data entry clerk. The controller and data entry clerk are considered contract employees whom also work for an affiliated company as contract employees.

As of the end of the period covered by this report, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures under the supervision and with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer (“CFO”).

In connection with the audit of our Consolidated Financial Statements for the fiscal year ended December 31, 2006, our independent registered public accounting firm informed us that we had significant deficiencies constituting material weaknesses as defined by the standards of the Public Company Accounting Oversight Board, which had been identified in connection with the audit of our Consolidated Financial Statements for the fiscal years ended December 31, 2006 and 2005.

Some of the weaknesses in question were detected during the audit of our Consolidated Financial Statements for the fiscal year ended December 31, 2005.

The material weaknesses identified by the auditor during the December 31, 2005 and 2006 audit were the lack of segregation of duties necessary to maintain proper checks and balances between functions and the lack of procedures to properly account for non-routine transactions and preparation of certain financial statement disclosures in accordance with U.S. GAAP. The absence of qualified full time accounting personnel was a contributing factor to the problems identified by the auditor. The specific circumstances giving rise to the weaknesses include utilizing the services of contract accountants on a part time basis in the absence of internal accounting personnel.

Further, based on the material weaknesses described herein, we concluded that our disclosure controls and procedures were not effective at the reasonable assurance level at December 31, 2006.

The Company has taken the following steps to address the specific problems identified by the auditors:

1) We have hired of a Chief Financial Officer and a contract part-time bookkeeper to allow us to properly implement the segregation of duties necessary to maintain checks and balances between accounting and Executive functions.

2) All non-routine transactions will be reviewed by our Chief Financial Officer and, contract controller before they are completed.

3) The Company will emphasize enhancement of the segregation of duties based on the limited resources the Company has, and, where practical, the Company will continue to access the cost versus benefit of adding additional resources that would mitigate the situation. Our Chief Financial Officer will monitor our accounting policies to assure proper accounting for financial derivatives and other unusual transactions on an ongoing basis.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

The Company is not aware of any legal proceedings in which any director, executive officer, affiliate or any owner of record or beneficial owner of more than five percent (5%) of any class of voting securities of the Company, or any associate of any such director, executive officer or affiliate of the Company or security holder is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

The following table sets forth the names and ages of the current directors and executive officers of the Company and the positions held by each person at the Company. The executive officers of the Company are elected annually by the Board of Directors (the "Board") . The Directors serve one (1) year terms until their successors are elected. The executive officers serve terms of one (1) year or until their death, resignation or removal by the Board.

Name	Age	Positions(S)
Timothy J. Connolly	54	Director/Vice Chairman of the Board, President and Chief Executive Officer
Fred S. Zeidman	60	Director/Chairman of the Board
Wm Chris Mathers	47	Chief Financial Officer

There are no family relationships among any of the directors or executive officers of the Company. Except as provided herein, none of the Company's directors or executive officers is a director of any company that files reports with the SEC, except as discussed below. None of the Company's directors have been involved in any bankruptcy or criminal proceeding (excluding traffic and other minor offenses), and none have been enjoined from engaging in any business during the past five (5) years.

Set forth below is a brief description of the background and business experience of each of the Company's existing Directors and executive officers for the past five (5) years:

Timothy J. Connolly has served as Chief Executive Officer of the Company since August 31, 2005 and has served as a director of the Company effective October 27, 2005. Mr. Connolly has been actively engaged in the development of companies for over twenty (20) years, and has been the Chairman, President or CEO of numerous private and public companies. He is currently director and Chief Executive Officer of Natural Nutrition, Inc. (OTCBB:NNTN). He is also an elected official, serving as the President and Chairman of the Board of Weston Municipal Utility District for the last twenty (20) years. Mr. Connolly has been a principal or consultant in transactions over the last twenty (20) years that total in excess of $500 million. He is particularly skilled in the areas of short and long term strategic planning, capital formation, mergers and acquisitions, marketing, sales strategy and crisis resolution. Mr. Connolly is also a nationally syndicated business journalist on both Business Talk Radio Network and Cable Radio Network.

Fred S. Zeidman has served as a director of the Company effective October 27, 2005. He was appointed Chairman of the United States Holocaust Memorial Council by President George W. Bush in March 2002. The Council, which includes fifty-five Presidentially-appointed members and ten (10) members from the U.S. Congress, is the governing board of the United States Holocaust Memorial Museum. A prominent Houston-based business and civic leader, Mr. Zeidman is Chairman of the Board of Seitel, Inc. and Chairman of the Board of Corporate Strategies, Inc. In 2004 he joined Greenberg Traurig as Senior Managing Director of Governmental Affairs. Mr. Zeidman also currently serves as a director of Prosperity Bank in Houston. Mr. Zeidman holds a Bachelor's degree from Washington University in St. Louis, and a Master's in Business Administration from New York University.

Wm. Chris Mathers has served as CFO and Financial Consultant to numerous public and private companies, including Seitel, Inc. (OTCBB: SELA), Nexus Nano Electronics, Inc. and Natural Nutrition, Inc. (OTCBB: NNTN). From January 1994 through January 2000, Mr. Mathers served as Chief Financial Officer of InterSystems, Inc., a publicly traded company on the American Stock Exchange. From 2000 through 2006, Mr. Mathers served as a contract Chief Financial Officer for Futures Commissions Merchants. Mr. Mathers brings substantial experience in complex GAAP and SEC reporting issues, as well as experience in start-up organizations. Mr. Mathers is also a Certified Public Accountant and began his career in the audit department of the accounting firm of Price Waterhouse. Mr. Mathers is a 1981 graduate of Southwestern University in Georgetown, Texas.

The Company's Board of Directors does not currently have an audit committee nor does it have a financial expert.

Members of our Board of Directors are not compensated.

We are currently in the process of drafting our code of ethics.

ITEM 10. EXECUTIVE COMPENSATION

COMPENSATION OF EXECUTIVE OFFICERS

The following table sets forth the annual and long-term compensation for services in all capacities for the fiscal years ended December 31, 2006, 2005 and 2004 for our two principal officers.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation	All Other Compensation ($) (1)	Total ($)
Timothy J Connolly, CEO	2006	$ 338,500	$ 100,000	$ -	$ -	$ -	$ 13,400	$ 451,900
	2005	$ 265,000	$ 20,000	$ -	$ -	$ -	$ 12,000	$ 297,000
	2004	$ 254,583		$ -	$ -	$ -	$ 12,000	$ 266,583
Wm. Chris Mathers, CFO	2006	$ 29,500	$ 1,500	$ -	$ -	$ -	$ -	$ 31,000