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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

|                 |
|-----------------|
| SEC FILE NUMBER |
| 8- 42303        |

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

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Brookwood Associates, L.L.C.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
5 Piedmont Center, Suite 205

|                   |
|-------------------|
| OFFICIAL USE ONLY |
| FIRM I.D. NO.     |

Atlanta Georgia 30305  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Francis & Co., CPAs  
(Name - if individual, state last, first, middle name)  
1000 Johnson Ferry Rd., Bldg. D, Ste. 140 Marietta Georgia 30068  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

**PROCESSED**

MAR 20 2002

|                       |
|-----------------------|
| FOR OFFICIAL USE ONLY |
| THOMSON FINANCIAL     |

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

SEC 1410 (05-01)

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BB  
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OATH OR AFFIRMATION

I, Robert S. Winborne, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Brookwood Associates, L.L.C., as of December 31, 20 01, 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:

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

Robert S. Winborne

Signature

Managing Director

Title

Shelley R. Miller  
Notary Public

My Commission Expires

16 April 2005

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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

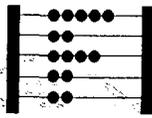
BROOKWOOD ASSOCIATES, L.L.C.

ATLANTA, GEORGIA

FINANCIAL STATEMENTS  
For the year ended  
December 31, 2001

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# FRANCIS & Co., CPAs

## Independent Auditors' Report

To the Members  
Brookwood Associates, L.L.C.  
Atlanta, Georgia

We have audited the accompanying balance sheet of Brookwood Associates, L.L.C., as of December 31, 2001, and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brookwood Associates, L.L.C. as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

*FRANCIS & CO., CPAs*

Atlanta, Georgia  
February 25, 2002

Brookwood Associates, L.L.C.  
Atlanta, Georgia  
Balance Sheet

|   | <u>December 31, 2001</u> |
|---|--------------------------|
| <u>ASSETS</u>   |                          |
| Cash  | \$ 44,468                |
| Furniture and equipment, net  | 48,195                   |
| Deposits  | <u>8,167</u>             |
| Total Assets  | <u>\$100,830</u>         |
| <br><u>LIABILITIES</u>  |                          |
| Accounts payable  | \$ <u>788</u>            |
| Total Liabilities   | <u>\$ 788</u>            |
| <br><u>CAPITAL</u>  |                          |
| Common stock, Class B, no par value;<br>2000 shares authorized,<br>issued and outstanding | \$ 52,796                |
| Retained earnings   | <u>47,246</u>            |
| Total Capital   | <u>\$100,042</u>         |
| Total Liabilities and Capital   | <u>\$100,830</u>         |

Refer to notes to the financial statements.

**Brookwood Associates, L.L.C.**  
**Atlanta, Georgia**  
**Statement of Income**  
**For the year ended**

December 31, 2001

|                                   |                    |
|-----------------------------------|--------------------|
| Consulting and retainer fees      | <u>\$1,524,125</u> |
| Total income from operations      | <u>\$1,524,125</u> |
| Other income:                     |                    |
| Interest income                   | \$ 1,810           |
| Other miscellaneous income        | <u>27,824</u>      |
| Total other income                | <u>\$ 29,634</u>   |
| Operating expenses:               |                    |
| Salaries and benefits             | \$ 837,208         |
| Rent expense                      | 101,845            |
| Other professional fees           | 197,470            |
| Marketing and promotional expense | 35,982             |
| Internet, telephone and pager     | 27,080             |
| Office supply                     | 19,805             |
| Legal and accounting              | 12,807             |
| Depreciation expense              | 10,712             |
| Dues and publications             | 9,764              |
| Equipment lease                   | 6,766              |
| Regulatory licensing              | 4,103              |
| Other operating expenses          | <u>26,221</u>      |
| Total operating expenses          | <u>\$1,289,763</u> |
| Net Income                        | <u>\$ 263,996</u>  |
| Earnings per share (Note 5)       | <u>\$ 132.00</u>   |

Refer to notes to the financial statements.

Brookwood Associates, L.L.C.  
 Atlanta, Georgia  
 Statement of Changes in Stockholders' Equity  
 For the year ended December 31, 2001

|                                | <u>Shares<br/>Outstanding</u> | <u>Common<br/>Stock</u> | <u>Retained<br/>Earnings</u> | <u>Total</u>      |
|--------------------------------|-------------------------------|-------------------------|------------------------------|-------------------|
| Balance, December 31, 2000     | - -                           | \$ - -                  | \$ - -                       | \$ - -            |
| Sale of common stock (Class B) | 2,000                         | 52,796                  | - -                          | 52,796            |
| Net income, 2001               | - -                           | - -                     | 263,996                      | 263,996           |
| Distributions<br>to Members    | <u>- -</u>                    | <u>- -</u>              | <u>(216,750)</u>             | <u>(216,750)</u>  |
| Balance,<br>December 31, 2001  | <u>2,000</u>                  | <u>\$52,796</u>         | <u>\$ 47,246</u>             | <u>\$ 100,042</u> |

Refer to notes to the financial statements.

**Brookwood Associates, L.L.C.**  
**Atlanta, Georgia**  
**Statement of Cash Flows**  
**For the year ended**

|  | <u>December 31, 2001</u> |
|--|--------------------------|
| Cash flows from operating activities   |                          |
| Net income   | \$ 263,996               |
| Adjustments to reconcile net income to<br>net cash provided by operating activities: |                          |
| Depreciation expense   | 10,712                   |
| Increase in accounts payable   | 788                      |
| Increase in deposits   | <u>(8,167)</u>           |
| Net cash from operations   | <u>\$ 267,329</u>        |
| <br>   |                          |
| Cash flows from investing activities   |                          |
| Purchase of property and equipment   | \$ <u>(6,111)</u>        |
| Net cash used in investment activities   | \$ <u>(6,111)</u>        |
| <br>   |                          |
| Cash flows from financing activities   |                          |
| Distributions to Members   | \$ <u>(216,750)</u>      |
| Net cash used from financing activities  | \$ <u>(216,750)</u>      |
| <br>   |                          |
| Net increase in cash   | \$ 44,468                |
| Cash at beginning of period  | <u>          -</u>       |
| Cash at end of period  | <u>\$ 44,468</u>         |
| <br>   |                          |
| <u>Memorandum:</u>   |                          |
| Income taxes paid  | \$ <u>          -</u>    |
| Interest paid  | \$ <u>          -</u>    |
| <br>   |                          |
| Non cash transaction   |                          |
| (fixed assets for Class B common stock)  | \$ <u>52,796</u>         |

Refer to notes to the financial statements.

**Brookwood Associates, L.L.C.**  
**Atlanta, Georgia**  
**Notes to Financial Statements**  
**December 31, 2001**

**Note 1 - Organization**

Brookwood Associates Broker Dealer, L.L.C. was organized on September 1, 2000 pursuant to the provisions of the Georgia Business Corporation Code. Effective February 1, 2001, Brookwood Associates Broker Dealer, L.L.C. filed a name change amendment with the Georgia Secretary of State, changing its name to Brookwood Associates, L.L.C. (the "Company"). The Company is owned equally among both Brookwood Broker Dealer, Inc., which is the successor company to Brookwood Associates, Inc., and T. Temple & Co., Inc. (collectively, the "Members"). Both Members have opted for Sub-Chapter "S" treatment pursuant to the Internal Revenue Code.

The Company is authorized to issue both Class A and Class B stock. Class A has no voting rights but shares in the economics of ownership on a pro rata basis with Class B. Class B has full voting power and its owners are called Voting Members. Owners of Class A and Class B interests collectively are called Members.

The Company established a pension plan ("Plan") under Section 401-K of the Internal Revenue Code. During 2001, several employees contributed to the Plan, but the Company will not match any employee contributions made in 2001.

There are no stock options or warrants outstanding as of December 31, 2001.

The Company operates from two offices: One in Atlanta, Georgia, and one in Charlotte, North Carolina.

**Note 2 - Significant Accounting Policies**

The Company prepares its financial statements on the accrual basis. Under this basis, revenues are recognized when earned and expenses are recognized when incurred.

As a limited liability corporation, the Company is taxed under the provisions of the Internal Revenue Code under statutes specific to partnerships. Under these provisions, the Company does not pay federal income taxes on its taxable income; rather, the Members are liable for income taxes on their respective shares of the Company's taxable income.

Brookwood Associates, L.L.C.  
Atlanta, Georgia  
Notes to Financial Statements  
December 31, 2001

**Note 3 - Furniture and Equipment**

Furniture and equipment is stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets; most of the Company's assets are being depreciated over a five to seven year range, while a limited number of assets are being depreciated over three years. Maintenance and repairs are charged to operations while major improvements are capitalized.

A more detailed description of furniture and equipment follows:

|                                     | <u>December 31, 2001</u> |
|-------------------------------------|--------------------------|
| Computer hardware                   | \$ 31,926                |
| Office equipment                    | 10,628                   |
| Office furniture                    | <u>16,353</u>            |
| Subtotal                            | 58,907                   |
| Less: Accumulated depreciation      | <u>(10,712)</u>          |
| Furniture and office equipment, net | \$ <u>48,195</u>         |

Depreciation expense for the year ended December 31, 2001 amounted to \$10,712.

**Note 4 - Accrued Expenses**

Accrued expenses consist of recurring monthly bills payable on the balance sheet date.

**Note 5 - Earnings Per Share**

Earnings per share were determined using 2,000 shares as the weighted average number of shares outstanding during 2001.

**Note 6 - Leases**

On June 24, 1999, Brookwood Associates, Inc. entered into a lease agreement covering its office space in Charlotte, North Carolina. The term of the lease is three years, expiring June 23, 2002. Under terms outlined in the lease, monthly rental installments are \$3,925 and adjust for fluctuations in the Consumer

**Brookwood Associates, L.L.C.**  
**Atlanta, Georgia**  
**Notes to Financial Statements**  
**December 31, 2001**

Price Index and other periodic expenses agreed upon in the lease agreement. During 2001, expenses relating to this lease amounted to approximately \$51,418.

On May 8, 2000, the Brookwood Associates, Inc. entered into a lease agreement covering the office space from which it houses its headquarters in Atlanta, Georgia. The term of the agreement is five years, expiring July 31, 2005. Under terms outlined in the lease, monthly rental installments are \$3,928 and adjust for fluctuations in the Consumer Price Index and other periodic expenses agreed upon in the lease agreement. During 2001, expenses relating to this lease amounted to approximately \$50,427.

On March 8, 1999, Brookwood Associates, Inc. entered into a lease covering certain office equipment. The term of this lease is four years, expiring March 7, 2003. During 2001, expenses relating to this lease amounted to approximately \$5,245.

None of the above leases represents a direct obligation of the Company. In that regard, the Company has no direct or indirect lease contingencies as all such responsibilities remain the obligations of Brookwood Associates, Inc. Recall that the successor company to Brookwood Associates, Inc. owns 50% of the Company's common stock. During 2001, the Company incurred and paid all rental and lease obligations described above.

Please refer to Note 7, which describes the operating agreement of the Company.

**Note 7 - Related Party Transactions**

On January 1, 2001, the Company adopted an operating agreement (the "Agreement") detailing, among other components, the economic and ownership responsibilities of both its Members. Essentially, the Agreement sets forth financial and operational guidelines for the Members, revenue and expense sharing guidelines among the Members, instructions relating to termination, disability or death upon a direct or indirect Member, and dissolution of the Company. All assets, liabilities, rights, revenues and expenses acquired, incurred or undertaken by the Company have been transferred by mutual agreement of the Members under guidelines either described in the Agreement, or agreed upon by the Members.

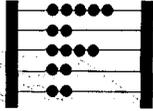
**Brookwood Associates, L.L.C.**  
**Atlanta, Georgia**  
**Notes to Financial Statements**  
**December 31, 2001**

Upon the Company's inception, the Members contributed fixed assets amounting to \$527,960, net of depreciation, in exchange for the Company's common stock. The assets were transferred at the book values under which they were being carried on the respective Members' financial statements.

Brookwood Broker Dealer, Inc. and Brookwood Associates, Inc. are both owned by common shareholders. T. Temple & Co., Inc. is owned by separate individuals. As described under Note 1, the Company is owned equally by the Members.

During 2001, the Company's Members received \$216,750 through capital distributions. They also contributed \$52,796 into the Company's capital accounts in exchange for 2,000 shares of the Company's common stock. Also in 2001, the Company incurred and paid \$299,446 in salary and benefits to its indirect owners.

Refer to Note 6 for a discussion on lease expense paid by the Company.



FRANCIS  
& Co., CPAs

February 25, 2002

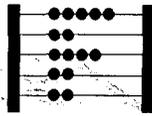
Board of Directors  
Brookwood Associates, L.L.C.  
5 Piedmont Center  
Suite 205  
Atlanta, Georgia 30305

Dear Sirs:

In planning and performing our audit of the financial statements of Brookwood Associates, L.L.C., Atlanta, Georgia for the year ended December 31, 2001, we considered its internal control structure to assist us in determining the auditing procedures to be performed. Our consideration of the internal control structure was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

In connection therewith, no material inadequacies were noted.

*FRANCIS & CO., CPAs*



# FRANCIS & Co., CPAs

February 25, 2002

Board of Directors  
Brookwood Associates, L.L.C.  
5 Piedmont Center  
Suite 205  
Atlanta, Georgia 30305

Dear Sirs:

We have reviewed Brookwood Associates, L.L.C.'s net capital computation pursuant to section 17(a)-5 of the Securities Exchange Act of 1934 which was previously submitted based on unaudited figures.

|  | Report<br>as of<br><u>Dec. 31, 2001</u> | Audited<br>statements<br><u>Dec. 31, 2001</u> | <u>Difference</u> |
|--|---|---|-------------------|
| Ownership equity                           | \$100,042                               | \$100,042                                     | \$ - -            |
| Less: unallowed<br>assets (FF&E, Deposits) | <u>56,362</u>                           | <u>56,362</u>                                 | <u>- -</u>        |
| Net capital                                | <u>\$ 43,680</u>                        | <u>\$ 43,680</u>                              | <u>\$ - -</u>     |

There are no differences between our audit as of and for the year ended December 31, 2001 and the report submitted pursuant to Section 17(a)-5 of the Securities Exchange Act; thus, no changes are necessary.

*Francis & Co., CPAs*

Francis & Co., CPAs