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

SEC FILE NUMBER  
8-53681

DIVISION OF MARKET REGULATION

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 January 1, 2005 AND ENDING December 31, 2005  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Brentwood Capital Advisors, LLC

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

1600 Division Street, Suite 520  
(No. and Street)

Nashville, Tennessee 37203  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Kevin Murphy 615-690-1700  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

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

P.O. Box 150749 Nashville, Tennessee 37215  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

*W* PROCESSED  
MAY 25 2006  
THOMSON  
FINANCIAL

**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)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Kevin Murphy, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Brentwood Capital Advisors, LLC, as of December 31, 2005, 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:

Not applicable

Kevin Murphy  
Signature

Managing Partner  
Title

Angela C. Barrett  
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.
- (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. **Not Required**
- (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).

**BRENTWOOD  
CAPITAL  
ADVISORS**

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Financial Statements**  
**December 31, 2005**

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## Independent Auditors' Report

The Members  
Brentwood Capital Advisors, LLC  
Brentwood, Tennessee

We have audited the accompanying statement of financial condition of Brentwood Capital Advisors, LLC as of December 31, 2005, and the related statements of operations and members' equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brentwood Capital Advisors, LLC as of December 31, 2005, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplemental schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Price CPAs*

Price CPAs, PLLC  
January 27, 2006

3813 Cleghorn Avenue  
P.O. Box 150749  
Nashville, Tennessee 37215

PRICE CPAs, PLLC  
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*A member of the  
American Institute of Certified  
Public Accountants*

**BRENTWOOD CAPITAL ADVISORS, LLC**

**Statement of Financial Condition**

**December 31, 2005**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 225,084
Accounts receivable	73,096
Prepaid expenses	<u>10,000</u>
	308,180

**PROPERTY, PLANT AND EQUIPMENT, net** 143,356

**NOTE RECEIVABLE- MEMBER** 25,000

**TOTAL ASSETS** \$ 476,536

**LIABILITIES AND MEMBERS' EQUITY**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	<u>\$ 138,038</u>
---------------------------------------	-------------------

**MEMBERS' EQUITY** 338,498

**TOTAL LIABILITIES AND MEMBERS' EQUITY** \$ 476,536

See Independent Auditors' Report and Notes to Financial Statements

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Statement of Operations and Members' Equity**  
**For the Year Ended December 31, 2005**

<b>REVENUE</b>	\$ 6,418,360
<b>OPERATING EXPENSES</b>	<u>1,202,630</u>
<b>Operating Income</b>	5,215,730
<b>OTHER INCOME (DEDUCTIONS)</b>	
Other income	21,077
Interest income	18,982
Bonuses	(5,108,391)
401k profit sharing	<u>(128,584)</u>
<b>Other Deductions</b>	<u>(5,196,916)</u>
<b>NET INCOME</b>	18,814
<b>MEMBERS' EQUITY AT BEGINNING OF YEAR</b>	212,170
<b>Contributions from Members</b>	153,000
<b>Distributions to Members</b>	<u>(45,486)</u>
<b>MEMBERS' EQUITY AT END OF YEAR</b>	<u><u>\$ 338,498</u></u>

See Independent Auditors' Report and Notes to Financial Statements

**BRENTWOOD CAPITAL ADVISORS, LLC**

**Statement of Cash Flows**

**For the Year Ended December 31, 2005**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income	\$ 18,814
<b>Adjustments to reconcile net income to net cash used by operating activities:</b>	
Depreciation	22,537
Gain on the sale of property, plant and equipment	(676)
Increase in operating assets:	
Accounts receivable	(10,033)
Prepaid expenses	(10,000)
Increase in operating liabilities:	
Accounts payable and accrued expenses	<u>(29,154)</u>
<b>Total adjustments</b>	<u>(27,326)</u>
<b>Net cash used by operating activities</b>	(8,512)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Payments for the purchase of property, plant and equipment	(156,565)
Proceeds from the sale of property, plant and equipment	10,000
Proceeds from notes receivable - members	<u>50,000</u>
<b>Net cash used by investing activities</b>	(96,565)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Capital contributions	153,000
Distributions to members	<u>(20,486)</u>
<b>Net cash provided by financing activities</b>	<u>132,514</u>

**NET INCREASE IN CASH** 27,437

**CASH - BEGINNING OF YEAR** 197,647

**CASH - END OF YEAR** \$ 225,084

**Supplemental Cash Flow Information**

Non-cash capital distributions \$ 25,000

See Independent Auditors' Report and Notes to Financial Statements

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Notes to the Financial Statements**  
**December 31, 2005**

**NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

Brentwood Capital Advisors, LLC ("the Company") is a boutique investment banking firm focused on private placements of senior and subordinate debt and equity securities to institutional investors and providing mergers and acquisition financial advisory services. The Company is a registered broker-dealer under the Securities Exchange Act of 1934 and a member of the National Association of Securities Dealers, Inc. ("NASD").

**Basis of presentation**

The financial statements are prepared on the accrual basis.

**Property and Equipment**

Property and equipment is stated at cost. Depreciation is provided over the assets' estimated useful lives using the declining-balance method. Estimated useful lives range from 5-7 years.

**Income taxes**

The Company is not a taxpaying entity for Federal income tax purposes, and, accordingly, no income tax expense or benefit has been recorded in these financial statements. Income or losses from the Company are reflected in the Members' individual income tax returns.

**Revenue recognition**

Fees related to private placements of senior and subordinate debt and equity securities are recognized upon the date of placement and financial advisory services fees are recognized as services are provided.

**Marketing and promotion costs**

Marketing and promotion costs are expensed as incurred and amounted to \$210,289 in 2005.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Notes to the Financial Statements**  
**December 31, 2005**

**NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**  
(continued)

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

**Allowance for Doubtful Accounts**

The Company considers all accounts outstanding in excess of ninety (90) days delinquent. These accounts are evaluated on a customer-by-customer basis based on payment history to determine the allowance for doubtful accounts. The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

**Financial Instruments**

Unless otherwise indicated, the fair values of all reported assets and liabilities which represent financial instruments approximate the carrying values of such amounts.

**NOTE 2 - CREDIT RISK AND OTHER CONCENTRATIONS**

The Federal Depository Insurance Corporation (FDIC) insures deposits at financial institutions up to \$100,000. The Company maintains balances in financial institutions that, at times, exceed these federally insured limits.

**NOTE 3 - PROPERTY, PLANT AND EQUIPMENT, net**

A summary of property, plant and equipment, net as of December 31, 2005 is as follows:

Office Equipment	\$ 64,490
Furniture and fixtures	<u>120,964</u>
	185,454
Accumulated depreciation	<u>(42,098)</u>
	<u>\$ 143,356</u>

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Notes to the Financial Statements**  
**December 31, 2005**

**NOTE 4 - 401(K) PROFIT SHARING PLAN**

The Company sponsors a 401(k) profit sharing plan for qualified employees. Company contributions are made at management's discretion but cannot exceed the amount deductible for federal income tax purposes. The 401(k) profit sharing expense amounted to \$128,584 for 2005.

**NOTE 5 - LEASE COMMITMENTS**

The Company utilizes office space under an operating lease. Rent expense under this lease amounted to \$53,778 in 2005. A summary of future minimum payments under this lease as of December 31, 2005 is as follows:

<u>Year</u>	<u>Amount</u>
2006	\$ 131,195
2007	133,557
2008	135,961
2009	138,408
2010	140,899
Thereafter	<u>215,793</u>
	<u>\$ 895,813</u>

**NOTE 6 - NET CAPITAL REQUIREMENTS AND OTHER RESTRICTIONS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires that a Broker/Dealer's aggregate indebtedness, as defined, shall not exceed fifteen times net capital, subject to a minimum net capital requirement. Minimum net capital for the Company is \$9,203. At December 31, 2005, the Company had net capital as defined of \$87,046.

**BRENTWOOD  
CAPITAL  
ADVISORS**

**Supplemental Information  
December 31, 2005**

**BRENTWOOD CAPITAL ADVISORS, LLC**

**Operating Expenses**

**For the Year Ended December 31, 2005**

Salaries and benefits	\$ 728,403
Advertising and promotion	210,289
Depreciation	22,537
Dues and subscriptions	4,952
Legal and professional	41,580
Licenses, bonds, and fees	300
Insurance	56,880
Miscellaneous	848
Office expenses	42,607
Rent	53,778
Repairs and maintenance	4,111
Other taxes	9,726
Telephone	10,057
Travel and entertainment	16,562
	<hr/>
	\$ 1,202,630
	<hr/> <hr/>

See Independent Auditors' Report and Notes to Financial Statements

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Computation of Net Capital Under Rule 15c3-1**  
**December 31, 2005**

Total members' equity	\$	338,498
Less non-allowable assets and haircuts:		
Property, plant and equipment, net		143,356
Note receivable – member		25,000
Accounts receivable		73,096
Prepaid expenses		10,000
		251,452
Total non-allowable assets and haircuts		251,452
Net capital		87,046
Net capital required		9,203
Excess net capital	\$	77,843
Reconciliation with Company's computation (included in Part II of form X-17A-5 as of December 31, 2005)		
Excess as reported in Company's Part II FOCUS report	\$	99,588
Difference between the greater of minimum net capital based on 6-2/3% of aggregate indebtedness vs. minimum of \$5,000		(1,360)
2005 401k Profit Sharing contribution previously unrecorded		(20,385)
	\$	77,843

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Computation for Determination of Reserve Requirements**  
**Pursuant to Rule 15c3-3**  
**December 31, 2005**

The Company is exempt from the requirements of Rule 15c3-3 under Section K(2)(ii) of the Rule.

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Information Relating to the Possession or Control**  
**Requirements Under Rule 15c3-3**  
**December 31, 2005**

The Company is exempt from the requirements of Rule 15c3-3 under Section K(2)(ii) of the Rule.

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Reconciliation Between the Audited and Unaudited**  
**Statements of Financial Condition with Respect to**  
**Methods of Consolidation**  
**December 31, 2005**

Not Applicable

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Material Inadequacies Found to Exist or Found to**  
**Have Existed Since the Date of the Previous Audit**  
**December 31, 2005**

None



**Independent Auditors' Report On Internal Control Required by SEC Rule 17a-5 for a  
Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3**

The Members  
Brentwood Capital Advisors, LLC:

In planning and performing our audit of the financial statements and supplemental schedules of Brentwood Capital Advisors, LLC (the Company) for the year ended December 31, 2005, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of compliance with 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 the following:

1. Making the 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 the Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15c3-3.

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 internal controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in conformity with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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Because of inherent limitations in any internal control or 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.

Our consideration of the internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

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 and 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 were adequate at December 31, 2005 to meet the SEC's objectives.

This report is intended solely for the use of the Members, management, the SEC, the New York Stock Exchange and other regulatory agencies which 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.

*Price CPAs*

Price CPAs, PLLC

January 27, 2006