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

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 1/1/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

GORDIAN GROUP, I.L.C

OFFICIAL USE ONLY
FIRM ID. NO.

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

950 THIRD AVENUE

(No. and Street)

NEW YORK

NY

10022

(City)

(State)

(Zip Code)

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

PATRICK MARRON

(516)287-2726

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

J.H. COHN LLP

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

1212 AVENUE OF THE AMERICAS, SUITE 1200

NY

NY

10036

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

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**THOMSON
FINANCIAL**

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

SEC 1410 (06-02)

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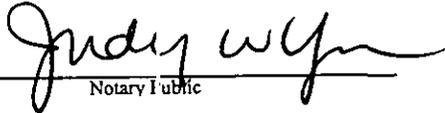
Washington, DC
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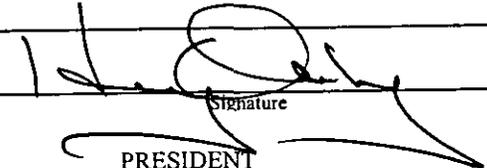
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OATH OR AFFIRMATION

I, HENRY OWSLEY, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of GORDIAN GROUP, LLC, as of DECEMBER 31, 20 07, 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:

JUDY W. YU
Notary Public, State of New York
No. 01YU4956429
Qualified in Queens County
Commission Expires September 25, 20 09


Notary Public


Signature
PRESIDENT
Title

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Independent auditor's report on internal accounting control.
- (p) Schedule of segregation requirements and funds in segregation--customers' regulated commodity futures account pursuant to Rule 171-5.

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

**Gordian Group, LLC
(A Limited Liability Company)**

Report on Statement of Financial Condition

December 31, 2007

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FEB 28 2008

**Washington, DC
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GORDIAN GROUP, LLC

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Report of Independent Public Accountants

To the Member
Gordian Group, LLC

We have audited the accompanying statement of financial condition of Gordian Group, LLC (A Limited Liability Company and subsidiary of Gordian Group Acquisition Corp.) as of December 31, 2007. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Gordian Group, LLC as of December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.



New York, New York
February 25, 2008

GORDIAN GROUP, LLC

STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2007

ASSETS

Cash, including restricted amount of \$405,721	\$ 3,459,228
Accounts receivable, net of allowance for uncollectible amounts of \$100,000	154,457
Fixed assets, net of accumulated depreciation and amortization of \$443,903	376,568
Prepaid expenses	<u>74,736</u>
Total	<u>\$ 4,064,989</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities:	
Accrued compensation	\$ 1,323,514
Deferred rent	169,548
Accrued professional fees	145,000
Deferred revenue	104,188
Other accrued expenses and liabilities	<u>18,884</u>
Total liabilities	1,761,134
Commitments and contingencies	
Member's equity	<u>2,303,855</u>
Total	<u>\$ 4,064,989</u>

See Notes to Statement of Financial Condition.

GORDIAN GROUP, LLC

NOTES TO STATEMENT OF FINANCIAL CONDITION

Note 1 - Organization and business:

Gordian Group, LLC (the "Company" or "Gordian") is a Delaware limited liability company whose sole member is Gordian Group Acquisition Corp. (the "Parent"), a Delaware corporation, which purchased all of the issued and outstanding limited liability interests of the Company as of June 12, 2007 from Gordian Group, Inc., an indirectly wholly-owned subsidiary of Allied Capital Corporation. The Company is registered as a broker-dealer with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority, successor to the National Association of Securities Dealers, Inc. The Company does not carry customer accounts; however, it may participate as a broker or dealer in underwriting. The Company is primarily engaged in providing financial advisory services to business entities (and the buyers, investors and lenders to such entities) engaged in a variety of financial transactions.

Note 2 - Summary of significant accounting policies:

Basis of presentation:

The accompanying financial statements of the Company have been prepared on the accrual basis of accounting.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Revenue recognition:

Advisory fees are recorded when earned. Deferred revenue is made up of unearned revenue and retainers. These items are recognized as they are earned over the life of the Company's contracts with its clients. Certain fees are recognized upon the settlement of a transaction.

During the year ended December 31, 2007, five clients accounted for 65% of total advisory fee revenue. Two clients comprise 84% of accounts receivable, net of allowance for doubtful accounts, at December 31, 2007.

Cash:

At December 31, 2007, cash consisted of a checking account and two interest bearing accounts at a major bank. Balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2007, the Company had cash balances in excess of Federally insured limits in the amount of \$3,452,326.

GORDIAN GROUP, LLC

NOTES TO STATEMENT OF FINANCIAL CONDITION

Note 2 - Summary of significant accounting policies (concluded):

Allowance for doubtful accounts:

The Company assesses the financial strength of its customers. Periodically, the Company evaluates its accounts receivable and provides for an allowance for doubtful accounts equal to the estimated uncollectible accounts. The Company's estimate is based on a review of the current status of the individual accounts receivable. It is reasonably possible that the Company's estimate of the provision for doubtful accounts will change.

Nonmarketable securities:

From time-to-time, the Company may acquire, or receive for providing services to its clients, ownership interests in nonpublic entities or restricted interests in public entities. These interests may include common stock, preferred stock, warrants or other instruments. The Company values such interests at fair value, which is determined through recent transactions in similar securities, contractual arrangements to sell such securities, or comparison to other companies and transactions. Changes in fair value of these investments are included in the statement of operations.

Fixed assets:

Fixed assets are stated at cost, less accumulated depreciation and amortization. Furniture and equipment are depreciated on a straight-line method based upon their estimated useful lives of five to seven years. Leasehold improvements are amortized on a straight-line basis over the length of the lease.

Income taxes:

The financial statement does not include a provision for income taxes on the Company's income because such taxes are the liabilities of the Company's member.

Note 3 - Fixed assets:

The following table shows the balances of major classes of fixed assets and the accumulated depreciation and amortization for each class at December 31, 2007:

	<u>Cost</u>	<u>Accumulated Depreciation/ Amortization</u>	<u>Net</u>
Leasehold improvements	\$267,453	\$ 10,060	\$257,393
Equipment	330,703	281,361	49,342
Furniture	<u>222,315</u>	<u>152,482</u>	<u>69,833</u>
Totals	<u>\$820,471</u>	<u>\$443,903</u>	<u>\$376,568</u>

GORDIAN GROUP, LLC

NOTES TO STATEMENT OF FINANCIAL CONDITION

Note 4 - Certain revenues:

On June 28, 2004, the Company was engaged by a privately owned company (the "Client") to provide certain investment banking services for a period of three years (the "Term"). As consideration, the Company received Class B common stock of the Client (the "Shares") over the Term. One-third or 7,233 of the total 21,698 Shares received by the Company vested at the inception of the engagement, and the remaining 14,465 Shares granted to the Company vested in equal monthly installments ("Monthly Stock Installments") over the Term.

During the Term, Gordian maintained the right to require the Client to purchase from Gordian all the vested Shares (those vested at inception and the Monthly Stock Installments) owned by Gordian for the aggregate book value of the vested Shares plus an additional amount as described in the Class B common stock subscription agreement between Gordian and the Client. Gordian's right to such election shall be referred to as the "Put Right".

The 7,233 vested Shares at the inception of the engagement were recorded at their fair value by management based on, among other things, the trading multiples of comparable companies, at \$1,170,768, and recorded as deferred revenue which was recognized as advisory fee revenue on a straight-line method over the Term. Further, the Company recorded advisory fee revenue for each Monthly Stock Installment which were each recorded at fair value by management, based on, among other things, the trading multiples of comparable companies.

As of December 2006, after sales of certain vested Shares, the Company held 402 shares of the client's Class B common stock.

In June 2007, Gordian exercised its Put Right to sell the remaining 2,807 vested Shares owned by the Company to the Client for \$457,794.

Note 5 - Commitments and contingencies:

Leases:

In 2007, the Company entered into a lease agreement for office space which expires on September 30, 2017. Minimum future rental payments required as of December 31, 2007 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2008	\$ 607,547
2009	607,547
2010	607,547
2011	607,547
2012	618,243
Thereafter	<u>3,089,077</u>
Total	<u>\$6,137,508</u>

GORDIAN GROUP, LLC

NOTES TO STATEMENT OF FINANCIAL CONDITION

Note 5 - Commitments and contingencies (concluded):

Indemnifications:

The Company enters into contracts that contain a variety of indemnifications. The Company's maximum exposure under these arrangements is unknown. However, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

Note 6 - Net capital requirements:

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash distributions paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2007, the Company had net capital of \$1,292,373, which was \$1,174,964 in excess of its required net capital of \$117,409. The Company's net capital ratio was 1.36 to 1.

END