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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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OMB Number:	3235-0123
Expires:	October 31, 2004
Estimated average burden hours per response......	12.00

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

SEC FILE NUMBER
8-65964

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 01/01/07 (MM/DD/YY) AND ENDING 12/31/07 (MM/DD/YY)

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: GRANDWOOD SECURITIES LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

15 WEST 26th STREET, 9th FLOOR
(No. and Street)

NEW YORK (City) NY (State) 10010 (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
MICHAEL MORTELL 212-684-6300
(Area Code – Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KAPLAN, PAUL M.
(Name – *if individual, state last, first, middle name*)

570 W.Mt. PLEASANT AVE., SUITE 104 LIVINGSTON NJ 07039
(Address) (City) (State) (Zip Code)

PROCESSED
FEB 25 2008
THOMSON FINANCIAL

CHECK ONE:

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

FOR OFFICIAL USE ONLY

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

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, Michael J. Mortell, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Granowood Securities L.L.C., as of December 31, 2007, 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:

KEVIN O. REYNOLDS
Notary Public, State of New York
Qualified in Kings County
Reg. No. 01RE6136091
My Commission Expires 10-31-2009

Notary Public

Signature

Managing Director

Title

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

- [x] (a) Facing Page.
- [x] (b) Statement of Financial Condition.
- [x] (c) Statement of Income (Loss).
- [x] (d) Statement of Changes in Financial Condition.
- [x] (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- [ ] (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- [x] (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.
- [x] (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.

X (o) Independent Auditor's report on internal accounting control.

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

GRANDWOOD SECURITIES L.L.C

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

SEC FILE NO. 8-65964

YEAR ENDED DECEMBER 31, 2007

AND

INDEPENDENT AUDITOR'S REPORT

GRANDWOOD SECURITIES L.L.C.

TABLE OF CONTENTS

PAUL KAPLAN, MBA
CERTIFIED PUBLIC ACCOUNTANT

To the Member
Grandwood Securities L.L.C.
New York, NY

I have audited the accompanying statement of financial condition of Grandwood Securities L.L.C. (a Limited Liability Company) as of December 31, 2007 and the related statements of operations, change in member's capital, 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grandwood Securities L.L.C. as of December 31, 2007 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.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplementary schedule is presented for 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 my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Paul M. Kaplan
Livingston, NJ
February 15, 2008

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GRANDWOOD SECURITIES L.L.C.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2007

ASSETS

ASSETS	
Cash and cash equivalents	$ 66,984
Prepaid expenses	226
TOTAL ASSETS	$ 67,210

LIABILITIES AND MEMBER'S CAPITAL

LIABILITIES	
Accounts payable and accrued expenses	$ 2,000
Total liabilities	2,000
MEMBER'S CAPITAL	65,210
TOTAL LIABILITIES AND MEMBER'S CAPITAL	$ 67,210

The accompanying notes are an integral part of these financial statements.

GRANDWOOD SECURITIES L.L.C.
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2007

REVENUE	
Financial Advisory Services	$ 264,285
Other Revenue	35,000
TOTAL REVENUE	299,285
EXPENSES	
Professional fees	6,500
Compensation-Commissions	45,000
Taxes, licenses and permits	150
Regulatory fees	3,165
Rent	7,843
Office supplies and expense	1,756
Insurance	762
Telephone	1,627
TOTAL EXPENSES	66,803
NET INCOME	$ 232,482

The accompanying notes are an integral part of these financial statements

GRANDWOOD SECURITIES L.L.C.
STATEMENT OF CHANGES IN MEMBER'S CAPITAL
DECEMBER 31, 2007

BALANCE – JANUARY 1, 2007	$ 67,728
Net Income	232,482
Distributions	(235,000)
BALANCE – DECEMBER 31, 2007	$ 65,210

The accompanying notes are an integral part of these financial statements.

GRANDWOOD SECURITIES L.L.C.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income	$ 232,482
Adjustments to reconcile net income to net cash provided by operating activities	
(Increase) decrease in:	
Prepaid expenses	48
Increase (decrease) in:	
Accrued expenses	(3,500)
NET CASH PROVIDED BY OPERATING ACTIVITIES	229,030
CASH FLOWS FROM FINANCING ACTIVITIES	
Distribution to Members	(235,000)
NET CASH USED IN FINANCING ACTIVITIES	(235,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,970)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	72,954
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 66,984

The accompanying notes are an integral part of these financial statements.

GRANDWOOD SECURITIES L.L.C.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1 NATURE OF BUSINESS

Organization

Grandwood Securities L.L.C.(the "Company") is a registered broker-dealer in securities under the provisions of the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority Inc. (FINRA) and the Securities Investor Protection Corporation. The Company is wholly owned by Grandwood Capital, L.L.C., a privately owned New York limited liability company.

The Company was incorporated on December 3, 2002, and was approved as a registered broker-dealer on November 26, 2003.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents. The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

Income Taxes

The Company was organized as a Limited Liability Company (L.L.C.). Under these provisions, the Company is taxed as a partnership for federal and state income tax purposes. The Company does not pay corporate income taxes on its taxable income. Instead, the member is liable for its income taxes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 Regulatory Requirements

The Company is subject to the Uniform Net Capital Rule under the Securities Exchange Act of 1934. In accordance with the Rule, the Company is required to maintain minimum net capital, as defined, and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2007, the Company had net capital, as defined, of $64,984 which was $59,984 in excess of its required net capital of $5,000. The Company's ratio of aggregate indebtness to net capital was .03 to 1.

Under the provisions of Rule 15c3-3, the Company is not required to segregate funds in a special reserve account for the exclusive benefit of customers and, is not subject to certain other requirements of the Customer Protection Rule.

NOTE 4 Related Party Transactions

The Company receives administrative services from the sole member of the organization through the use of an operating agreement for rent, insurance, office supplies, computers, etc. The cost of these services totaled $10,917 for the year ended December 31, 2007.

SUPPLEMENTARY INFORMATION

Pursuant to Rule 17a-5 of the Securities Exchange Act of 1934

As of December 31, 2007

SCHEDULE I
GRANDWOOD SECURITIES LLC

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF
THE SECURITIES AND EXCHANGE COMMISSION AS OF DECEMBER 31, 2007

COMPUTATION OF NET CAPITAL	
Total member's equity	$ 65,210
Total capital	$ 65,210
Deductions and/or charges	
Non-allowable assets	226
NET CAPITAL	$ 64,984
COMPUTATION OF AGGREGATE INDEBTEDNESS	
Accounts payable and accrued expenses	$ 2,000
AGGREGATE INDEBTEDNESS	$ 2,000
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT	
Minimum net capital required (greater of 6 2/3% of aggregate indebtedness or minimal net capital requirement)	$ 5,000
EXCESS NET CAPITAL	$ 59,984
EXCESS NET CAPITAL AT 1,000 PERCENT	$ 64,784
RATIO: AGGREGATE INDEBTEDNESS TO NET CAPITAL	0.03 to 1
Reconciliation with Company's computation (included in Part II of Form X-17A-5 as of December 31, 2007)	
Net capital, as reported in Company's Part II (Unaudited) Focus report	$ 64,984
Net capital, as included in this report	$ 64,984

PAUL KAPLAN, MBA
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE REQUIRED BY RULE 17A-5 OF THE SECURITIES AND EXCHANGE COMMISSION

To the Member
Grandwood Securities L.L.C.

In planning and performing my audit of the financial statements of Grandwood Securities LLC (the "Company"), as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, I considered the Company's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, I do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g) (1) of the Securities and Exchange Commission (SEC), I have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that I considered relevant to the objectives stated in Rule 17a-5 (g) in making the periodic computation 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, I did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13

2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the proceeding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's 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

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PAUL KAPLAN, MBA
CERTIFIED PUBLIC ACCOUNTANT

unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5 (g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. I did not identify any deficiencies in internal control and control activities for safeguarding securities that I consider to be material weaknesses, as defined above.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on my study, I believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2007, to meet the SEC's objectives.

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PAUL KAPLAN, MBA
CERTIFIED PUBLIC ACCOUNTANT

This report is intended solely for the information and use of the members, management, the SEC, Financial Industry Regulatory Authority, Inc. and other regulatory agencies that rely on rule 17a-5 (g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Paul M. Kaplan
Livingston, N.J.
February 15, 2008

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