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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

REC'D  
DEC 1 2008

SEC FILE NUMBER  
8- 39336

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 10/01/07 AND ENDING 9/30/08  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Bernardo First Securities Corp.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

1588 S. Mission Rd., Suite 225

(No. and Street)

Fallbrook, CA 92028

(City)

(State)

(Zip Code)

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

William I. Woodson

(760) 451-2943

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Donald McLean & Co., CPAs

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

38760 Sky Canyon Dr., Suite C, Murrieta, CA 92562

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**PROCESSED**

JAN 16 2009

**FOR OFFICIAL USE ONLY**

**THOMSON REUTERS**

\*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)

AD  
01/08

OATH OR AFFIRMATION

I, William I. Woodson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Bernardo First Securities Corp., as of Sept. 30, 20 08, 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:

State of California County of San Diego  
Subscribed and sworn to (or affirmed)

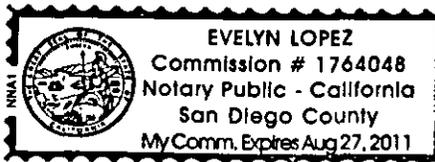
Before me on this 12<sup>th</sup> day of Nov, 20 08 by William I. Woodson proved to me on the basis of satisfactory evidence to be the person who appeared before me.

Signature Evelyn Lopez  
(Seal)

William I. Woodson  
Signature

President  
Title

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.
- (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).

*Audited Financial Statements  
And Other Financial Information*

**BERNARDO FIRST SECURITIES CORPORATION**

*For the Year Ended September 30, 2008*

BERNARDO FIRST SECURITIES CORPORATION

Table of Contents

<i>Independent Auditor's Report</i> .....	1
<i>Financial Statements</i>	
Statements of Financial Condition .....	2
Statements of Income .....	3
Statements of Cash Flows .....	4
Statements of Changes in Stockholders' Equity .....	5
<i>Notes to Financial Statements</i> .....	6 - 8
<i>Supplementary Information</i>	
Statement of Changes in Liabilities Subordinated to Claims of Creditors .....	9
Computation of Net Capital .....	10
Independent Auditor's Report on Internal Accounting Control Required by SEC Rule 17a-5 .....	11 - 12
Additional Supplementary Information .....	13



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## INDEPENDENT AUDITOR'S REPORT

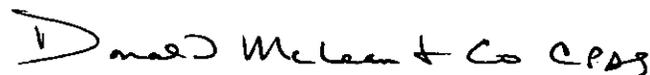
To the Board of Directors  
Bernardo First Securities Corporation

We have audited the accompanying statements of financial condition of Bernardo First Securities Corporation as of September 30, 2008 and 2007, and the related statements of income, cash flows, changes in stockholders' equity, changes in liabilities subordinated to claims of creditors 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 audits 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 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. We believe that our audits provide 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 Bernardo First Securities Corporation at September 30, 2008 and 2007, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 8 and 9 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.



San Diego, California  
November 20, 2008

BERNARDO FIRST SECURITIES CORPORATION  
STATEMENT OF FINANCIAL CONDITION  
September 30, 2008 and 2007

**ASSETS**

	2008	2007
<b>Current Assets</b>		
Cash and cash equivalents	\$ 34,615	\$ 10,030
Investments at market value	9,171	22,324
Deposits with clearing broker	21,113	31,406
Prepaid expense and other receivables	3,996	2,996
Total Current Assets	68,895	66,756
<b>Property &amp; Equipment</b>		
Property and equipment at cost	17,837	17,837
Less: Accumulated depreciation	(17,837)	(17,837)
Net Property and Equipment	-	-
<b>Other Assets</b>		
Organization costs, net of amortization of \$1035	1,010	1,061
Total Assets	\$ 69,905	\$ 67,817

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>Current Liabilities</b>		
Accounts payable and accrued expense	\$ 501	\$ 2,918
Payroll taxes payable	1,093	-
Stockholder's loan	-	600
Total Current Liabilities	1,594	3,518
<b>Long-Term Liabilities</b>		
Note payable	-	-
<b>Stockholders' Equity</b>		
Common stock; 75,000 shares authorized at \$10.00 par value; 2,000 shares issued and outstanding	20,000	20,000
Paid in capital	5,000	5,000
Retained Earnings	43,311	39,299
Total Stockholders' Equity	68,311	64,299
Total Liabilities and Stockholders' Equity	\$ 69,905	\$ 67,817

The accompanying notes are an integral part of these financial statements

BERNARDO FIRST SECURITIES CORPORATION  
STATEMENT OF INCOME

For the Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>Revenue from Operations</b>		
Commissions	\$ 28,784	\$ 50,360
Concessions	13,924	15,710
NASD distribution	-	35,000
Investment advisory fees	17,891	19,666
Total Revenue from Operations	<u>60,599</u>	<u>120,736</u>
<b>Expenses from Operations</b>		
Amortization	51	51
Contract services	5,500	6,000
Depreciation	-	-
Employee benefits	4,481	5,277
Legal and professional	4,550	4,643
Officer's salary	1,000	48,000
Office rent and administration	8,833	22,468
Payroll taxes	93	3,903
Registration, membership and dues	1,654	2,072
Technical support	6,000	6,104
Trading costs	22,774	27,705
Travel and entertainment	129	-
Total Expenses from Operations	<u>55,065</u>	<u>126,223</u>
Net Income from Operations	5,534	(5,487)
<b>Other Income</b>		
Interest, dividends and other investment gains or losses	<u>(2,264)</u>	<u>5,803</u>
<b>Net Income before Taxes</b>	3,270	316
Income tax benefits	(2,996)	(2,935)
Provision for income taxes	<u>2,254</u>	<u>800</u>
<b>Net Income</b>	<u>\$ 4,012</u>	<u>\$ 2,451</u>

The accompanying notes are an integral part of these financial statements

**BERNARDO FIRST SECURITIES CORPORATION**  
**STATEMENT OF CASH FLOWS**

For the Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>Cash Flow from Operating Activities:</b>		
Net Income	\$ 4,012	\$ 2,451
<b>Add charges to revenue not requiring use of cash:</b>		
Depreciation	-	-
Amortization	51	51
<b>Adjustments to reconcile net income to net cash flow from operating activities:</b>		
(Increase) Decrease in deposit with clearing corporation	10,293	14,538
(Increase) Decrease in investments	13,153	(13,252)
(Increase) Decrease in prepaid expense and other receivables	(1,000)	(885)
(Decrease) Increase in other accrued expenses	(1,324)	2,918
Net cash provided by operating activities	<u>25,185</u>	<u>5,821</u>
<b>Cash Flow from Financing Activities:</b>		
Stockholder loan	<u>(600)</u>	<u>-</u>
Net cash used by financing activities	(600)	-
<b>Net increase / (decrease) in cash and cash equivalents</b>	24,585	5,821
<b>Cash and cash equivalents beginning of year</b>	<u>10,030</u>	<u>4,209</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 34,615</u>	<u>\$ 10,030</u>
<b>Supplemental Disclosure:</b>		
Income taxes paid	<u>\$ 800</u>	<u>\$ 800</u>

The accompanying notes are an integral part of these financial statements

BERNARDO FIRST SECURITIES CORPORATION  
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

For the Years Ended September 30, 2008 and 2007

	<u>Common Stock No. of Shares</u>	<u>Common Stock Dollar Amount</u>	<u>Paid in Capital Dollar Amount</u>	<u>Retained Earnings</u>	<u>Total</u>
<b>Balance at September 30, 2006</b>	20,000	\$ 20,000	\$ 5,000	\$ 36,848	\$ 61,848
Net Income				2,451	2,451
Additional paid in capital				-	-
<b>Balance at September 30, 2007</b>	20,000	\$ 20,000	\$ 5,000	\$ 39,299	\$ 64,299
Net Income				4,012	4,012
Additional paid in capital				-	-
<b>Balance at September 30, 2008</b>	<u>20,000</u>	<u>\$ 20,000</u>	<u>\$ 5,000</u>	<u>\$ 43,311</u>	<u>\$ 68,311</u>

The accompanying notes are an integral part of these financial statements

*NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

**Organization**

Bernardo First Securities Corporation (the “Company”) was incorporated on January 19, 1988 and began operations June 24, 1988 as a securities broker. The Company is registered with the Securities Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (“FINRA”). As of August 4, 1992, the Company became registered with the Securities Exchange Commission as an Investment Advisor. All customer transactions are cleared through another broker-dealer on a fully disclosed basis.

**Basis of Accounting**

These financial statements of the Company have been prepared on the accrual basis of accounting. Income is reported when earned and expenses are recorded when incurred.

**Investments**

Investments are stated at fair value determined by quoted market prices.

**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. Actual results could differ from those estimates.

**Concentration of Risk**

The Company is engaged in various trading activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company’s policy to review, as necessary, the credit standing of each counterparty.

**Property and Equipment**

The Company depreciates all property and equipment using the applicable accelerated method allowed for tax. These methods are not recognized as generally accepted accounting procedures. However, these methods do not have a material affect on these financial statements, nor do they distort depreciation expense or the assets’ book value.

**Organization Costs**

Organization costs of the Company are being amortized for financial statement purposes using the straight-line method over their useful lives.

**Commissions**

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

**Statement of Cash Flows**

For purposes of the statement of cash flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than ninety days that are not held for sale in the ordinary course of business.

*NOTE 2 – INCOME TAXES*

Income tax expense for the year consists of:

Federal	\$ 0
State	<u>800</u>
	\$ <u>800</u>

Current year tax provision reflects an income tax savings of \$2,996 due to prior year's net operating losses.

*NOTE 3 – EARNINGS PER SHARE*

Because the Corporation is a non-public enterprise as defined by FASB No. 21, earnings per share is not computed.

*NOTE 4 – RELATED PARTY TRANSACTIONS*

The President of the Company operates a tax practice as Bernardo First Tax and Estate Planning ("BFT"), which has an office sharing arrangement with the Company. The Company paid office rent to BFT in the amount of \$3,658 during the year ended September 30, 2008.

The Board of Directors of the Company agreed to rent office space in the home of Anne Woodson for William Woodson to carry on business of the Corporation. W. Woodson is the President of the Company and a current member of the Board of Directors. Rent in the amount of \$1,400 was paid during the year ended September 30, 2008. The lease is month to month and either party can terminate with 30 days notice.

Total rent paid during the year for the two leases was \$5,098.

*NOTE 5 – NET CAPITAL REQUIREMENTS*

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. At September 30, 2008, the Company had net capital of \$61,929 which was \$56,929 in excess of the requirements.

Bernardo First Securities Corporation  
Notes to the Financial Statements  
September 30, 2008

*NOTE 6 – PENSION PLAN*

Effective January 1, 1996, the Company established a Simplified Employee Pension Plan (SEP) for all eligible employees. Amounts contributed by the Company are limited to 15% of compensation paid. Pension expense was \$0 and \$0 for September 30, 2008 and 2007 respectively.

BERNARDO FIRST SECURITIES CORPORATION  
STATEMENT OF CHANGES IN LIABILITIES  
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

For the Year Ended September 30, 2008

<b>Balance at September 30, 2007</b>	\$ -
Increases	-
Decreases	<u>-</u>
<b>Balance at September 30, 2008</b>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements

BERNARDO FIRST SECURITIES CORPORATION  
 COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 of the  
 SECURITIES AND EXCHANGE COMMISSION

As of September 30, 2008

<b>Total Consolidated Stockholders' Equity</b>		\$ 68,311
Deduct stockholders' equity not allowable for net capital		<u>          -</u>
<b>Total Stockholders' Equity Qualified for Net Capital</b>		68,311
Add liabilities subordinated to claims of general creditors		<u>          -</u>
<b>Total Capital and Allowable Subordinated Liabilities</b>		68,311
<b>Deductions and / or Charges:</b>		
<b>Nonallowable assets included in the following captions on the statement of financial condition</b>		
Organization costs and other assets	<u>5,006</u>	<u>5,006</u>
<b>Net Capital Before Charges on Securities Positions</b>		63,305
<b>Haircuts on Securities Position</b>		
Trading and investment securities		<u>1,376</u>
<b>Total Haircuts</b>		<u>1,376</u>
<b>Net Capital</b>		\$ <u><u>61,929</u></u>
<b>Aggregate Indebtedness (A.I)</b>		
<b>Liabilities from Statement of Financial Condition</b>		\$ <u>1,594</u>
<b>Total Aggregate Indebtedness</b>		\$ <u>1,594</u>
<b>Minimum Net Capital (6 2/3% of A.I.)</b>		\$ <u><u>106</u></u>
<b>Minimum Net Capital Requirement</b>		\$ <u><u>5,000</u></u>
<b>Excess Net Capital</b>		\$ <u><u>56,929</u></u>
<b>Excess Net Capital at 1000%</b>		\$ <u><u>61,770</u></u>
<b>Ration of Aggregate Indebtedness to Net Capital</b>		2.57%

**NOTE - A reconciliation of the above computation and the Company's corresponding unaudited Form X-17A-5, Part II is not required as no material differences exist.**



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AN ACCOUNTANCY CORPORATION

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Board of Directors  
Bernardo First Securities Corporation

In planning and performing our audit of the financial statements and supplemental schedules of Bernardo First Securities Corporation (the "Company"), for the year ended September 30, 2008, we considered its internal control structure, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 171-5(g) in making the periodic computations of aggregate indebtedness 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 of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. Recordation of differences required by rule 17a-13
3. 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 an internal control structure 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 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 accordance with management's authorization and recorded properly to permit the 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 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 the 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 the 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 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 September 30, 2008, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, 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 should not be used for any other purpose.

*Donald McLean & Co CPAs*

San Diego, California  
November 20, 2008

BERNARDO FIRST SECURITIES CORPORATION

SUPPLEMENTARY INFORMATION

*For the Year Ended September 30, 2008*

1. Computation of Reserve Requirements Pursuant to Rule 15c3-3:  
Not applicable because the Company is exempt under 15c3-3 section (k)(2)(ii)
  
2. Information Relating to Possession or Control Requirements under Rule 15c3-3:  
Not applicable because the Company is exempt under 15c3-3 section (k)(2)(ii)

**END**