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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**

SEC FILE NUMBER  
8-48997

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 01/01/08 AND ENDING 12/31/08  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Kerlin Capital Group, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
555 South Flower Street, Suite 2750  
(No. and Street)  
Los Angeles CA 90071  
(City) (State) (Zip Code)

OFFICIAL USE ONLY  
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
William K. Doyle 213-627-3300  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Rose, Snyder & Jacobs  
(Name - if individual, state last, first, middle name)  
15821 Ventura Blvd., Encino CA 91436  
(Address) (City) (State) (Zip Code)

**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)

## OATH OR AFFIRMATION

I, \_\_\_\_\_, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of \_\_\_\_\_, as of \_\_\_\_\_, 20\_\_\_\_, 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:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
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).**

OATH OR AFFIRMATION

I, William K. Doyle, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kerlin Capital Group, LLC, as of December 31, 2009, 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:

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

William K Doyle  
Signature

Managing Director +  
Title

Managing Partner  
William K. Doyle, 4/2/09

\_\_\_\_\_  
Notary Public

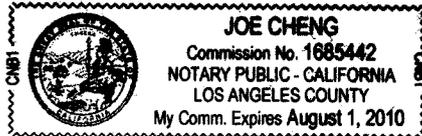
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- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material 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).

State of California  
County of Los Angeles

Subscribed and sworn to (or affirmed) before me on this 2<sup>nd</sup>  
day of APRIL, 2009 by WILLIAM K. DEJIZ  
proved to me on the basis of satisfactory evidence to be the  
person(s) who appeared before me.



(Seal)

Signature

A handwritten signature in black ink, appearing to read "Joe Cheng", written over a horizontal line.

Form X-17A-5

KERLIN CAPITAL GROUP, LLC  
(A CALIFORNIA LIMITED LIABILITY COMPANY)

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INDEPENDENT AUDITORS' REPORT

To the Members  
Kerlin Capital Group, LLC

We have audited the accompanying statement of financial condition of Kerlin Capital Group, LLC (a California limited liability company) as of December 31, 2008, and the related statements of operations, changes in 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 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 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 Kerlin Capital Group, LLC as of December 31, 2008, 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 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 the purpose 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 our 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.

*Rose, Snyder & Jacobs*

Rose, Snyder & Jacobs  
A Corporation of Certified Public Accountants

Encino, California

February 9, 2009

KERLIN CAPITAL GROUP, LLC  
(A CALIFORNIA LIMITED LIABILITY COMPANY)  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2008

ASSETS

CURRENT ASSETS	
Cash	\$ 69,612
Accounts receivable, net of allowance for doubtful accounts of \$0	70,583
Prepaid expenses	<u>16,442</u>
TOTAL CURRENT ASSETS	<u>156,637</u>
PROPERTY AND EQUIPMENT, at cost	
Computer equipment	81,857
Office furniture and equipment	241,931
Leasehold improvements	<u>35,310</u>
	359,098
Less accumulated depreciation and amortization	<u>303,935</u>
NET PROPERTY AND EQUIPMENT	<u>55,163</u>
OTHER ASSETS	
Deposits	7,749
Investment in private company, note 2	<u>50,000</u>
TOTAL OTHER ASSETS	<u>57,749</u>
TOTAL ASSETS	<u>\$ 269,549</u>

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES	
Accounts payable and accrued expenses	<u>\$ 13,475</u>
COMMITMENTS AND CONTINGENCIES, note 3	
MEMBERS' EQUITY	<u>256,074</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 269,549</u>

See independent auditors' report and  
notes to financial statements.

KERLIN CAPITAL GROUP, LLC  
(A CALIFORNIA LIMITED LIABILITY COMPANY)  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2008

REVENUE, note 6	
Retainer fees	\$ 605,000
Advisory fees	15,000
Other income	<u>85,819</u>
TOTAL REVENUE	<u>705,819</u>
EXPENSES	
Employee compensation and benefits	537,312
Occupancy	126,646
Other operating expenses	54,920
Communications and data processing	54,121
Scholarships	30,000
Depreciation and amortization	29,379
Professional fees	29,936
Travel and entertainment	27,355
Taxes	15,665
Parking	5,440
Interest and bank charges	<u>641</u>
TOTAL OPERATING EXPENSES	<u>911,415</u>
NET LOSS	<u>\$ (205,596)</u>

See independent auditors' report and  
notes to financial statements.

KERLIN CAPITAL GROUP, LLC  
(A CALIFORNIA LIMITED LIABILITY COMPANY)  
STATEMENT OF CHANGES IN MEMBERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2008

Balance at January 1, 2008	\$ 296,670
Net loss	(205,596)
Contributions from members	315,000
Distributions to members	<u>(150,000)</u>
Balance at December 31, 2008	<u>\$ 256,074</u>

See independent auditors' report and  
notes to financial statements.

KERLIN CAPITAL GROUP, LLC  
(A CALIFORNIA LIMITED LIABILITY COMPANY)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	\$ (205,596)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	29,379
Changes in assets - increase:	
Accounts receivable	(15,763)
Prepaid expenses	(15,595)
Changes in liabilities - decrease:	
Accounts payable and accrued expenses	<u>(47,467)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(255,042)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	<u>(9,445)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(9,445)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from members	315,000
Distributions to members	<u>(150,000)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>165,000</u>
NET DECREASE IN CASH	(99,487)
CASH, BEGINNING OF YEAR	<u>169,099</u>
CASH, END OF YEAR	<u>\$ 69,612</u>
Supplementary disclosure:	
Franchise state taxes paid in cash	<u>\$ 6,800</u>

See independent auditors' report and  
notes to financial statements.

KERLIN CAPITAL GROUP, LLC  
(A CALIFORNIA LIMITED LIABILITY COMPANY)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Kerlin Capital Group, LLC (the "Company") is a "mergers and acquisitions type" FNRA broker/dealer that provides investment banking services to corporate clients within the United States. The Company has no subsidiaries. The Company does no underwriting, carries no customer accounts and has no inventory of marketable securities.

The Company has only one class of members with all rights and privileges of voting, contribution and distribution. Members have limited liability, to the extent of their agreed capital contributions.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are computed over the estimated lives of the assets, three to seven years, using accelerated methods, except for leasehold improvements, which are amortized over the term of the lease, under the straight line method.

Accounts receivables

Accounts receivable are customer obligations due under normal trade terms. The Company performs continuing credit evaluations of its customers' financial condition. Management reviews accounts receivable on a regular basis, based on contracted terms and how recently payments have been received, to determine if any such amounts will potentially be uncollected. The Company includes any balances that are determined to be uncollectible in its allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off. Based on the information available, management believes the Company's accounts receivable are all collectible.

Income Taxes

The Company is organized as a limited liability company. The Company is not liable for federal income tax, but is annually liable for a minimum state franchise tax of \$800 plus an annual fee based upon gross revenue. The members are personally liable for income taxes on their respective shares of the Company's income.

Revenue Recognition

In general, revenue is recognized when the service is performed. Some advisory fees are contingent upon the success of a contemplated transaction. Such fees are recognized when the contingency is met.

Cash Flows

For the purpose of the statement of cash flows, the Company considers cash equivalents to include cash and short term money market mutual funds.

Estimates

Generally accepted accounting principles require that the financial statements include estimates by management in the valuation of certain assets and liabilities. Management estimates the useful lives of property and equipment, the allowance for doubtful accounts and the value of its investment in a private company. Management uses its historical records and knowledge of its business in making these estimates. Actual results could differ from those estimates applied in the preparation of the financial statements.

See independent auditors' report.

KERLIN CAPITAL GROUP, LLC  
(A CALIFORNIA LIMITED LIABILITY COMPANY)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The Company's financial instruments, including accounts receivable, accounts payable and accrued expenses are carried at cost, which approximates their fair value, due to the relatively short maturity of these instruments.

2. INVESTMENTS

Investment in Private Company

During the year ended December 31, 2005, the Company made an investment in a private company. The investment, for which quotation is not readily available, is recorded at cost, which management determined in good faith to approximate fair market value. Because of the uncertainty of the valuation, the estimated value may differ significantly from the value that would have been used had a ready market for the security existed.

3. COMMITMENTS AND CONTINGENCIES

Cash Deposits

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of deposits held at a bank, which exceed federally insured limits by \$25,237 at December 31, 2008.

Operating Leases

The following is a schedule of future minimum rental payments required under operating leases for office space and for a vehicle that has an initial and remaining non-cancelable lease term in excess of one year. The Company is also responsible for its share of operating expenses. This lease expires in August 2011. The vehicle lease expires January 2010.

Years Ending December 31,			
2009	\$	83,064	
2010	\$	76,544	
2011	\$	52,097	

Total rent expense for the year ended December 31, 2008, with respect to office space and a vehicle, totaled \$79,252.

4. PENSION AND PROFIT-SHARING PLAN

In 2006, The Company adopted a discretionary 401(k) profit-sharing plan covering substantially all of its full-time employees. The Company paid contributions of \$11,167 in 2008.

See independent auditors' report.

KERLIN CAPITAL GROUP, LLC  
(A CALIFORNIA LIMITED LIABILITY COMPANY)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008

5. NET CAPITAL

Pursuant to Rule 15c3-1 of the Securities and Exchange Commission, the Company was required to maintain a net capital of not less than \$5,000 at December 31, 2008. The net capital of the Company at December 31, 2008 amounted to \$55,766.

6. MAJOR CLIENTS

During the year ended December 31, 2008, the Company generated approximately 81% of its revenue from three clients.

See independent auditors' report.

**SUPPLEMENTARY SCHEDULE**

KERLIN CAPITAL GROUP, LLC  
(A CALIFORNIA LIMITED LIABILITY COMPANY)  
SCHEDULE OF COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2008

NET CAPITAL	
Total stockholders' equity	\$ 256,074
Deduct stockholders' equity not allowable for net capital	-
Total stockholders' equity qualified for net capital	256,074
Add:	
Subordinated borrowings allowable in computation of net capital	-
Other (deductions) or allowable credits-deferred income tax payable	-
Total capital and allowable subordinated borrowings	256,074
Deductions and/or charges:	
Nonallowable assets:	
Securities not readily marketable	-
Exchange memberships	-
Furniture, equipment, and leasehold improvements, net	55,163
Other assets	144,775
	199,938
Additional charges for customers' and noncustomers' security accounts	-
Additional charges for customers' and noncustomers' commodity accounts	-
Aged fails-to-deliver	-
Aged short security differences	-
Secured demand note deficiency	-
Commodity futures contracts and spot commodities/proprietary capital charges	-
Other deductions and/or charges	-
Net capital before haircuts on securities positions (tentative net capital)	56,136
Haircuts on securities	
Contractual securities commitments	-
Securities collateralizing secured demand notes	-
Trading and investment securities	-
Bankers' acceptances, certificates of deposit, and commercial paper	-
U.S. and Canadian government obligations	-
State and municipal government obligations	-
Corporate obligations	-
Stocks and warrants	-
Options	-
Other securities	371
Undue concentrations	-
Net Capital	<u>\$ 55,765</u>

See independent auditors' report and notes to financial statements.

KERLIN CAPITAL GROUP, LLC  
(A CALIFORNIA LIMITED LIABILITY COMPANY)  
SCHEDULE OF COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION (CONTINUED)  
DECEMBER 31, 2008

Aggregate indebtedness	\$	-
Items included in statement of financial condition:		
Short-term bank loans (secured by customer's securities)		-
Drafts payable		-
Payable to brokers and dealers		-
Payable to clearing broker		-
Payable to customers		-
Other accounts payable and accrued expenses		<u>13,475</u>
Items not included in statement of financial condition:		
Market value of securities borrowed for which no equivalent value is paid or credited		-
Other unrecorded amounts		<u>-</u>
Total aggregate indebtedness	\$	<u>13,475</u>
Computation of basic net capital requirement		
Minimum net capital required:		
Company		5,000
Broker-dealer subsidiary		<u>-</u>
Total	\$	<u>5,000</u>
Excess net capital at 1,500 percent	\$	<u>55,765</u>
Excess net capital at 1,000 percent	\$	<u>54,417</u>
Ratio: Aggregate indebtedness to net capital		<u>0.24 to 1</u>

Reconciliation with Company's computation:

Note: There are no material differences between the above computation and the Company's unaudited Part II of Form X-17A-5 as of December 31, 2008.

See independent auditors' report and notes to financial statements.