

SECURITIES AND EXCHANGE COMMISSION

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549



09041756

OMB APPROVAL

OMB Number: 3235-0123
Expires: February 28, 2010
Estimated average burden hours per response..... 12.00

RECEIVED

MAR 9 1 2009

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

DIVISION OF MARKET REGULATION

SEC FILE NUMBER

8- 39969

02-022875

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: Canterbury Consulting Inc.

OFFICIAL USE ONLY

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

FIRM I.D. NO.

660 Newport Center Drive, Suite 300

(No. and Street)

Newport Beach

Ca.

92660

(City)

(State)

(Zip Code)

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

Paul M. Newton

(949) 718-2257

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

MOSS ADAMS LLP

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

2030 Main Street, Suite 1400 Irvine

Ca.

92614

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

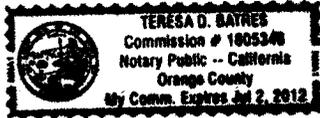
- [X] Certified Public Accountant
[ ] Public Accountant
[ ] Accountant not resident in United States or any of its possessions.

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, Paul M. Newton, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Canterbury Consulting Incorporated, as of December 31, 2008, 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:



Teresa D. Baines

Notary Public

Paul M. Newton

Signature

Chief Financial Officer

Title

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).

## CONTENTS

---

	PAGE
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of financial condition	2
Statement of income	3
Statement of stockholders' equity	4
Statement of cash flows	5
Notes to financial statements	6-12
SUPPLEMENTAL INFORMATION	
Schedule I - Computation of net capital pursuant to SEC Rule 15c3-1	13-14
Schedule II - Computation for determination of reserve requirements pursuant to Rule 15c3-3	15
Schedule III - Information relating to the possession or control requirements under Rule 15c3-3	16
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE REQUIRED BY SEC RULE 17a-5	17-18

---

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Canterbury Consulting Incorporated

We have audited the accompanying statement of financial condition of Canterbury Consulting Incorporated (the "Company") as of December 31, 2008, and the related statements of income, stockholders' equity, and cash flows for the year ended December 31, 2008 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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, such financial statements present fairly, in all material respects, the financial condition of Canterbury Consulting Incorporated 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 supplemental information contained in Schedules I, II, and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is information required by Rule 17a-5 of the Securities Exchange Act of 1934. These schedules are the responsibility of the Company's management. 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.

*Moss Adams LLP*

Irvine, California  
March 27, 2009

**CANTERBURY CONSULTING INCORPORATED**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2008**

---

**ASSETS**

Cash and cash equivalents	\$	442,060
Receivables from clearing organizations		184,178
Customer and other receivables		2,190,508
Prepaid expenses		148,852
Deposits		171,441
Property and equipment, net		<u>558,665</u>
Total assets	\$	<u><u>3,695,704</u></u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Accounts payable and accrued expenses	\$	130,373
Accrued payroll and payroll taxes		1,157,816
Capital lease obligations		226,213
Notes payable		<u>177,584</u>
Total liabilities		<u>1,691,986</u>
Stockholders' equity		
Class A voting common stock; no par value; 500,000 shares authorized; 175,723 shares issued and outstanding		1,086,213
Notes receivable for stock		(44,811)
Retained earnings		<u>962,316</u>
Total stockholders' equity		<u>2,003,718</u>
Total liabilities and stockholders' equity	\$	<u><u>3,695,704</u></u>

**CANTERBURY CONSULTING INCORPORATED**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

---

REVENUES

Commissions on securities transactions	\$ 3,485,437
Consulting fee income	8,620,124
Other fees and income	<u>831,162</u>

Total revenues 12,936,723

EXPENSES

Employee compensation and benefits	8,923,192
Floor brokerage and clearance fees	500,184
Communications	646,200
Occupancy	558,883
General and administrative	2,059,047
Interest	<u>33,672</u>

Total expenses 12,721,178

INCOME BEFORE INCOME TAX PROVISION 215,545

PROVISION FOR INCOME TAX 800

NET INCOME \$ 214,745

**CANTERBURY CONSULTING INCORPORATED**  
**STATEMENT OF STOCKHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Common Stock		Notes Receivable for Stock	Retained Earnings	Total
	Shares Outstanding	Common Stock			
BALANCE, January 1, 2008	182,115	\$ 1,079,962	\$ (84,440)	\$ 946,861	\$ 1,942,383
Net income	-	-	-	214,745	214,745
Stock redeemed	(10,166)	(107,724)	-	(199,290)	(307,014)
Stock issued	3,774	113,975	-	-	113,975
Payments on notes receivable for stock purchases	-	-	39,629	-	39,629
BALANCE, December 31, 2008	175,723	\$ 1,086,213	\$ (44,811)	\$ 962,316	\$ 2,003,718

4

*See accompanying notes to financial statements.*

**CANTERBURY CONSULTING INCORPORATED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income	\$ 214,745
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	226,945
Changes in operating assets and liabilities	
Receivables from clearing organizations	(72,032)
Customer and other receivables	90,151
Prepaid expenses	(41,408)
Deposits	(9,375)
Accounts payable and accrued expenses	(126,281)
Accrued payroll and payroll taxes	100,202
	382,947
 <b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	
Purchase of property and equipment	(232,025)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal borrowings on note payable	120,784
Borrowings on capital lease obligations	249,799
Payments on capital lease obligations	(299,606)
Issuance of common stock	113,975
Payments received for stockholders' notes	39,629
Purchase of stockholder's shares	(307,014)
	(82,433)
Net cash provided by operating activities	382,947
Net cash used in investing activities	(232,025)
Net cash used in financing activities	(82,433)
DECREASE IN CASH AND CASH EQUIVALENTS	68,489
CASH AND CASH EQUIVALENTS - beginning of year	373,571
CASH AND CASH EQUIVALENTS - end of year	\$ 442,060
 <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>	
Income taxes paid during the year	\$ 800
Interest paid during the year	\$ 33,672
 <b>NONCASH FINANCING ACTIVITY</b>	
Equipment acquired through capital lease	\$ 238,746

*See accompanying notes to financial statements.*

# CANTERBURY CONSULTING INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

---

### Note 1 - Nature of Business

Canterbury Consulting Incorporated (the "Company"), was incorporated in June 1988 under the laws of the state of California under the name of Flint, Krueger, Beimfohr & Cluck, Incorporated. The Company is an independent investment consulting firm that provides investment advice to institutional clients and high net worth individuals. The Company is a member of the Financial Industry Regulatory Authority ("FINRA") and is a registered broker-dealer in over thirty states. The Company is also a registered investment advisor under the Investment Company Act of 1940, as amended, and a member of the Securities Investors Protection Corporation ("SIPC").

All transactions on behalf of customers are cleared on a fully disclosed basis with a clearing broker.

### Note 2 - Summary of Significant Accounting Policies

**Cash and cash equivalents** - Cash and cash equivalents generally consist of balances on deposit in banks and other financial institutions and short-term investments that have a maturity of less than ninety days. Cash on deposit in banks may exceed the Federal Deposit Insurance Corporation insurance limits. The Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents. As of December 31, 2008, the Company had no short term investments.

**Property and equipment** - Property and equipment is stated at cost, net of accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets ranging from 3 to 7 years. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease. Upon disposal of property and equipment, the Company records a gain or loss based upon the difference between the proceeds received and the net book value of the asset disposed.

**Revenue recognition** - Commissions on securities transactions and related clearing expenses are recorded on a trade-date basis as securities transactions occur. Consulting fee income arising from investment advisory services is recognized as the services are performed pursuant to contracts and customer arrangements. Other fees and income are recognized as received, which primarily include mutual fund income.

**Income taxes** - Effective July 1, 2004, the Company elected to be taxed under the provisions of subchapter S of the Internal Revenue Code for federal and state purposes. Under these provisions, the Company does not pay corporate income taxes on its taxable income. However, the Company is subject to 1.5% California franchise tax. In addition, the stockholders are liable for individual federal and state income taxes on the Company's taxable income. The Company may distribute funds necessary to satisfy the stockholders' estimated personal income tax liabilities. The provision for income tax in the current period consists entirely of the California franchise tax.

---

## Note 2 - Summary of Significant Accounting Policies (continued)

**Uncertain tax positions** - Pursuant to Financial Accounting Standards Board (FASB) Staff Position No. 3 related to Financial Accounting Standards Board Interpretation No. 48 (FSP FIN 48-3), management has elected to defer the application of FASB Interpretation No. 48 - Accounting for Uncertainty in Income Taxes to fiscal years beginning after December 15, 2008. For the 2008 financial statements, the Company has accounted for uncertain tax positions in accordance with FASB Statement No. 5, Accounting for Contingencies whereby the effect of the uncertainty would be recorded if the outcome was considered probable and was reasonably estimatable. As of December 31, 2008, the Company has not identified any uncertain tax positions.

**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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Derivatives and hedging** - The Company does not engage in derivatives or hedging activities.

**Fair value of financial instruments** - The Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities are carried at cost, which approximates fair value, due to the relatively short maturity of these instruments. As of December 31, 2008, the Company's capital lease obligations and note payable have stated borrowing rates that are consistent with those currently available to the Company and, accordingly, the Company believes the carrying value of these debt instruments approximates their fair value.

**Concentration of credit risk** - The Company currently maintains substantially all of its cash with certain major financial institutions. At times, cash balances may be in excess of the amounts insured by the Federal Deposit Insurance Corporation. The Company's customer receivables are due from customers throughout the United States and collateral is not required. Historically, the Company's credit-related losses have been insignificant.

## Note 3 - Clearing Agreements and Commissions Receivable

On June 1, 2001, the Company entered into a clearing agreement with First Clearing Corporation ("First Clearing"), whereby First Clearing acts as a clearing broker providing various services on behalf of the Company's customers. These services include execution of orders, preparation of confirmations and reports of activity, settlement of contracts and transactions in securities, all cashiering functions, and constructing and maintaining all prescribed books and records. The Company has agreed to indemnify this clearing broker for losses that the clearing broker may sustain from customer accounts introduced by the Company.

# CANTERBURY CONSULTING INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

---

### Note 3 - Clearing Agreements and Commissions Receivable (continued)

FIN No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*, requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligations it assumes under that guarantee. The maximum amount of potential indemnification is unlimited; however, in connection with this clearing agreement, the Company is required to: (i) maintain a minimum interest bearing security deposit of \$100,000 with First Clearing which is included in deposits at December 31, 2008 and (ii) maintain blanket brokers indemnity bond insurance of at least 120% of its required minimum net capital. At December 31, 2008, the Company has \$300,000 of blanket brokers' bond insurance in effect. This insurance limits the Company's exposure and may enable it to recover a portion of any future amounts paid. The Company believes that the fair value of these indemnification obligations is minimal. Accordingly, the Company has not recognized any liabilities relating to these obligations as of December 31, 2008.

On a monthly basis, First Clearing remits commissions earned by the Company on securities transactions with customers net of charges for floor brokerage and clearance fees. At December 31, 2008, amounts held by and receivable from First Clearing totaled \$184,178.

### Note 4 - Property and Equipment

Property and equipment consists of the following as of December 31, 2008:

Furniture and equipment	\$	666,413
Leasehold improvements		27,599
Computer equipment and software		867,245
		<u>1,561,257</u>
Less accumulated depreciation and amortization		<u>(1,002,592)</u>
	\$	<u>558,665</u>

Depreciation and amortization expense totaled \$226,945 for year ended December 31, 2008. At December 31, 2008, the gross amount of leased assets included in property and equipment is \$268,198 with related accumulated amortization of \$55,691.

---

## Note 5 - Capital Lease Obligations

The Company leases certain equipment under capital leases. The leases are non-recourse and lease payments are based on the fair market value of acquired assets plus interest over the original lease terms of three to five year periods. Certain reproduction equipment leases require additional monthly payments totaling \$2,780 through November 2009 for technical support and maintenance and require the Company to pay contingent rent for excess usage. The Company is also responsible for the cost of repairs, insurance, and property taxes.

Future minimum payments for assets under capital leases as of December 31, 2008 are as follows:

<u>Year Ending December 31:</u>	
2009	\$ 123,009
2010	118,506
2011	68,973
2012	<u>62,746</u>
	373,234
Amount representing interest	<u>(147,021)</u>
	<u>\$ 226,213</u>

## Note 6 - Commitments and Contingencies

**Leases** - The Company leases its principal office space in Newport Beach, California under a non-cancelable operating lease agreement expiring in January 2013. The minimum commitment under the lease approximates \$39,760 per month, with annual increases, through its expiration. The Company also leases additional office space in Seattle, Washington under a non-cancelable operating lease of approximately \$6,112 per month that expires in March 2012. The commitment under the additional office space lease escalates on the anniversary of the lease agreement. The Company is responsible for executory costs such as property taxes and common area operating costs under both of these operating leases. Net rental expense for the year ended December 31, 2008 was \$558,883, which is included in occupancy expenses.

# CANTERBURY CONSULTING INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

---

### Note 6 - Commitments and Contingencies (continued)

Future minimum rental payments required under these operating leases as of December 31, 2008 are as follows:

Year Ending December 31:

2009	\$	566,000
2010		580,000
2011		595,000
2012		546,000
2013		44,000
		<hr/>
	\$	<u>2,331,000</u>

The Company sub-leases a portion of its office space to three tenants under month-to-month leases. Monthly rent equals \$1,450 for the two tenants in the Seattle office as well as \$800 for the tenant who rented office space in Newport for ten months of the year. Rental income received from the tenants for the year ended December 31, 2008 totaled approximately \$25,400, which is included in occupancy expense.

**Other** - The Company's commitments and contingencies include the usual obligations of a registered broker-dealer in the normal course of business. In the opinion of Management, such matters are not expected to have a material adverse effect on the Company's financial position or results of operations.

### Note 7 - Notes Payable

The Company has entered into promissory notes relating to the repurchase of Company common stock from former employees. The notes have four-year maturities payable in four equal annual installments through October 2012. Interest on unpaid principal accrues at the rate of 5% to 7.75% per annum.

---

**Note 7 - Notes Payable (continued)**

The future scheduled maturities of notes payable are as follows:

Year Ending December 31:

2009	\$	48,075
2010		48,075
2011		48,075
2012		<u>33,359</u>
	\$	<u>177,584</u>

**Note 8 - Profit Sharing Plan**

The Company has a defined contribution profit sharing plan (the "Plan") where eligible employees can make voluntary salary deferral contributions. The Plan conforms to the requirements of Internal Revenue Code Section 401(k) and covers substantially all employees of the Company. Employees are eligible for participation in the Plan the first day of the month following 30 days of employment. Employer contributions are discretionary up to a maximum amount allowed by law. For certain Plan years, the Company may elect to make a Qualified Matching Contribution to satisfy certain non-discrimination tests required by the IRS. This contribution may or may not be made for all participants. If a contribution is made on behalf of a participant, it will be 100% vested at all times. For the year ended December 31, 2008, the Company contributed \$370,527 to the Plan.

**Note 9 - Reserve Requirement**

The Company does not hold funds or securities for customers; accordingly it is exempt from the provisions of Rule 15c3-3 under the Securities and Exchange Act of 1934, pursuant to Paragraph (k) (2) (ii) of such rule. Rule 15c3-3 provides for the maintenance by broker dealers of basic reserves with respect to customers' cash and securities and enumerates standards relating to the physical possession of customer securities. The Company carries no customer regulated commodities futures accounts; therefore, the computation of segregated funds pursuant to Section 4d (2) of the Commodity Exchange Act is not applicable.

# CANTERBURY CONSULTING INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

---

### Note 10 - Net Capital Requirement

As a registered broker-dealer, 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 of \$100,000 and the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. The Uniform Net Capital Rule also provides that equity capital may not be withdrawn or cash dividends paid if the resulting ratio of aggregate indebtedness to net capital would exceed 10 to 1.

At December 31, 2008, the Company had net capital of \$152,972, which was \$52,972 in excess of its required minimum net capital of \$100,000. The Company's aggregate indebtedness to net capital ratio at December 31, 2008 was 9.58 to 1.

### Note 11 - Related-Party Receivables

**Notes receivable from stockholders** - The Company has entered into promissory notes with stockholders relating to the purchase of Company stock pursuant to the terms of the Amended and Restated Stockholders' Agreement. The notes have four-year maturities payable in four equal annual installments. Interest on the unpaid principal accrues at the rate of 8.25% per annum. Outstanding principal on stockholders notes as of December 31, 2008, was \$44,811.

**SUPPLEMENTAL INFORMATION**

---

**CANTERBURY CONSULTING INCORPORATED**  
**SCHEDULE I - COMPUTATION OF NET CAPITAL PURSUANT TO SEC RULE 15c3-1**  
**DECEMBER 31, 2008**

**COMPUTATION OF NET CAPITAL**

NET CAPITAL			
Total stockholders' equity		\$	2,003,718
Deductions and/or charges			
Nonallowable assets:			
Prepaid expenses	\$	148,852	
Deposits		55,137	
Property and equipment, net		332,452	
Customer and other receivables		1,314,305	1,850,746
		<u>                    </u>	<u>                    </u>
Net capital before haircuts on securities positions			152,972
Haircuts on securities positions			
Money market funds	\$	-	
Undue concentration		-	-
		<u>                    </u>	<u>                    </u>
Net capital		\$	<u>152,972</u>

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

AGGREGATE INDEBTEDNESS			
Items included in statement of financial condition:			
Total liabilities		\$	1,691,986
Less: Non-recourse capital lease obligations			(226,213)
			<u>                    </u>
Total aggregate indebtedness		\$	<u>1,465,773</u>

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

Minimum dollar net capital required		\$	<u>100,000</u>
Minimum net capital required (ratio 15 to 1)		\$	<u>97,718</u>
Minimum net capital required		\$	<u>100,000</u>
Excess net capital		\$	<u>52,972</u>
Excess net capital over 120% of minimum net capital required		\$	<u>32,972</u>
Ratio: Aggregate indebtedness to net capital			<u>9.58</u>

**CANTERBURY CONSULTING INCORPORATED**  
**SCHEDULE I - COMPUTATION OF NET CAPITAL PURSUANT TO SEC RULE 15c3-1**  
**(continued)**  
**DECEMBER 31, 2008**

---

**RECONCILIATION WITH COMPANY'S COMPUTATION**  
**INCLUDED IN PART II FORM X-17A-5 AS OF DECEMBER 31, 2008**

Net capital, as reported in Company's Part IIA (Unaudited) FOCUS Report	\$	152,974
Change in other allowable credits:		
Deferred tax on non-allowable asset		-
Adjustments relating to non-allowable assets		
Property and equipment		-
Customer and other receivables		(32,170)
Prepaid expenses		
Deferred tax asset		-
Haircuts on securities:		
Money market funds and securities owned		-
Undue concentration		-
Other adjustments		
Consulting fee income and fees		53,615
Other income		-
Payroll and other expenses		(21,447)
Benefit for income taxes		-
		<hr/>
	\$	<u>152,972</u>

**CANTERBURY CONSULTING INCORPORATED**  
**SCHEDULE II - COMPUTATION FOR DETERMINATION**  
**OF RESERVE REQUIREMENTS PURSUANT TO RULE 15c3-3**  
**DECEMBER 31, 2008**

---

The Company is exempt from Rule 15c3-3 under Section (k)(2)(ii), in that it does not trade or carry customer accounts and does not hold customer funds as of December 31, 2008.

**CANTERBURY CONSULTING INCORPORATED**  
**SCHEDULE III - INFORMATION RELATING TO THE POSSESSION**  
**OR CONTROL REQUIREMENTS UNDER RULE 15c3-3**  
**DECEMBER 31, 2008**

---

The Company is exempt from Rule 15c3-3 under Section (k)(2)(ii), in that it does not trade or carry customer accounts and does not hold customer funds as of December 31, 2008.

**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL STRUCTURE REQUIRED BY SEC RULE 17a-5**

To the Board of Directors  
Canterbury Consulting Incorporated

In planning and performing our audit of the financial statements and supplemental schedules of Canterbury Consulting Incorporated (the "Company"), as of and for the year ended December 31, 2008 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we 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"), we 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 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 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 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.

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.

Our 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. We did not identify any deficiencies in internal control and 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 December 31, 2008, to meet the SEC's objectives.

This report is intended solely for the information and use of the 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 is not intended to be and should not be used by anyone other than these specified parties.

*Moss Adams LLP*

Irvine, California  
March 27, 2009

**CANTERBURY CONSULTING INCORPORATED**

**INDEPENDENT AUDITORS' REPORT**

**AND**

**FINANCIAL STATEMENTS**

**WITH**

**SUPPLEMENTAL INFORMATION**

**DECEMBER 31, 2008**