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SECURITIES AND EXCHANGE COMMISSION

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

SEC FILE NUMBER  
8-65281

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 1/1/08 AND ENDING 12/31/08  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Advisors Unlimited

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

(No. and Street)

(City)

(State)

(Zip Code)

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

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Grant Thornton

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

(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)

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**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**ADVISORS UNLIMITED**

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**YEARS ENDED DECEMBER 31, 2008 AND 2007**

**Dhonson Plaza, Suite B  
790 South Marine Corps Drive  
Tamuning, Guam 96913**

# ADVISORS UNLIMITED

## Financial Statements and Other Financial Information Years ended December 31, 2008 and 2007

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Advisors Unlimited:

We have audited the accompanying balance sheets of Advisors Unlimited as of December 31, 2008 and 2007, and the related statements of (loss) income and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of Advisors Unlimited's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audits 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 of Advisors Unlimited referred to above present fairly, in all material respects, the financial position of Advisors Unlimited as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules of computation of net capital, aggregate indebtedness, basic net capital requirement, net capital reconciliation with Focus Report, changes in ownership equity, and communication of reportable conditions to the Board of Directors as of and for the year ended December 31, 2008, are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information

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required by the Financial Industry Regulatory Authority. The supplemental schedules are the responsibility of Advisors Unlimited's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects to the basic financial statements taken as a whole.

*Grant Thornton, LLP*

**GRANT THORNTON, LLP**

Tamuning, Guam USA

February 24, 2009

# ADVISORS UNLIMITED

Balance Sheets  
December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Current Assets:		
Cash and cash equivalents	\$ 11,014	\$ 23,470
Accounts receivable	25,903	27,712
Prepaid expenses	<u>3,508</u>	<u>2,963</u>
Total Current Assets	40,425	54,145
Property and equipment, net of accumulated depreciation	<u>14,845</u>	<u>13,434</u>
Total Assets	<u>\$ 55,270</u>	<u>\$ 67,579</u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>  		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 670	\$ 12,172
Gross receipts tax payable	<u>1,138</u>	<u>1,174</u>
Total Current Liabilities	1,808	13,346
Stockholders' Equity:		
Common stock, \$1 par value, 100,000 shares authorized, 20,000 shares issued and outstanding	20,000	20,000
Additional paid-in capital	5,000	5,000
Retained earnings	<u>28,462</u>	<u>29,233</u>
Total Stockholders' Equity	<u>53,462</u>	<u>54,233</u>
Commitments and contingencies		
Total Liabilities and Stockholders' Equity	<u>\$ 55,270</u>	<u>\$ 67,579</u>

See accompanying notes to financial statements and auditors' report.

## ADVISORS UNLIMITED

### Statements of (Loss) Income and Retained Earnings Years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenue:		
Advisory fees	\$ 124,007	\$ 115,407
Commissions	85,521	97,887
Other income	17	35,028
Total revenues	209,545	248,322
Operating Expenses:		
Commissions	125,609	142,243
Wages	26,878	20,816
Rent	12,480	12,480
Licenses, fees, and sundry taxes	11,269	10,647
Legal and professional fees	8,935	18,100
Office expenses	7,980	13,211
Utilities	7,623	5,937
Depreciation and amortization	3,509	1,889
Insurance	3,038	3,057
Dues and subscriptions	1,395	820
Entertainment and meals	917	1,373
Advertising and promotion	479	479
Maintenance and repairs	-	390
Miscellaneous	204	7,228
Total operating expenses	210,316	238,670
Net (loss) income	(771)	9,652
Retained earnings at beginning of year	29,233	19,581
Retained earnings at end of year	\$ 28,462	\$ 29,233

See accompanying notes to financial statements and auditors' report.

## ADVISORS UNLIMITED

### Statements of Cash Flows Years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows (used in) provided by operating activities:		
Net (loss) income	\$ (771)	\$ 9,652
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	3,509	1,889
(Increase) decrease in assets:		
Accounts receivable	1,809	(3,912)
Prepaid expenses	(545)	(549)
Accounts payable	(10,363)	12,172
Gross receipts taxes payable	(1,174)	118
Income taxes payable	-	(2,649)
Net cash (used in) provided by operating activities	<u>(7,535)</u>	<u>16,721</u>
Cash flows used by investing activities:		
Property and equipment purchases	<u>(4,920)</u>	<u>(10,875)</u>
Net cash used by investing activities	<u>(4,920)</u>	<u>(10,875)</u>
Net (decrease) increase in cash	(12,455)	5,846
Cash at beginning of year	<u>23,469</u>	<u>17,623</u>
Cash at end of year	<u>\$ 11,014</u>	<u>\$ 23,469</u>

See accompanying notes to financial statements and auditors' report.

## ADVISORS UNLIMITED

Notes to Financial Statements  
December 31, 2008 and 2007

### 1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization

Advisors Unlimited was incorporated under the laws of Guam on November 15, 2000. The Corporation's primary purpose is to conduct business as a general brokerage and financial advising firm.

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

#### Cash Equivalents

For the purposes of the balance sheet and the statement of cash flows, cash is defined as cash on hand, money market accounts, and on deposit with banks.

Advisors Unlimited had approximately \$10,002 and \$21,575 of deposits insured through the Federal Deposit Insurance Corporation (FDIC) as of December 31, 2008 and 2007, respectively.

#### Accounts Receivable

Accounts receivable primarily represent management and consulting fees due for financial and investment advisory services.

#### Revenue recognition

Revenue, which consists of management and consulting fees for financial and investment advisory services, is recognized as it is performed.

#### Property and Equipment

Property, equipment and leasehold improvements are stated at cost, less accumulated depreciation and amortization. In prior years, depreciation of property and equipment, and amortization of leasehold improvements, which is included in depreciation expense, is based on an accelerated method over the estimated useful lives of respective assets. In 2008 and 2007, depreciation and amortization is based on the straight line method.

## ADVISORS UNLIMITED

Notes to Financial Statements  
December 31, 2008 and 2007

1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,  
CONTINUED

Income Taxes

The Company, with the consent of its stockholders, have elected under the Internal Revenue Code to be an "S" Corporation beginning January 1, 2007. In lieu of corporation income tax, the stockholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for Guam income tax has been included in the financial statements in 2008 and 2007.

Advertising

Website advertisement fees and media advertisement, such as newspaper and magazines, are expensed as they are incurred. Advertising expenses amounted to \$479 in 2008 and 2007, respectively.

Reclassifications

Certain figures in the December 31, 2007 financial statements have been reclassified to conform to the 2008 presentation.

2) PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2008 and 2007 follows:

	<u>2008</u>	<u>2007</u>
Furniture and equipment	\$ 34,487	\$ 29,568
Leasehold improvements	721	721
	<u>35,208</u>	<u>30,289</u>
Less accumulated depreciation	(20,363)	(16,855)
	<u>\$ 14,845</u>	<u>\$ 13,434</u>

## ADVISORS UNLIMITED

Notes to Financial Statements  
December 31, 2008 and 2007

### 3) SIGNIFICANT REVENUE SOURCE

Three multinational brokerage firms account for 59% and 53.6% of the Corporation's revenues for the years ended December 31, 2008 and 2007, respectively.

### 4) COMMITMENTS

Future annual rental commitments under a non-cancelable operating lease at December 31, 2008 are as follows:

<u>Year ending December 31,</u>	
2009	\$ 14,400
2010	14,400
2011	14,400
2012	<u>14,400</u>
Total	<u>\$ 57,600</u>

Rent expense was \$12,480 in 2008 and 2007.

### 5) EMPLOYEE BENEFIT PLAN

Effective January 2008, the Company established a SIMPLE IRA for all of its eligible employees. The Company makes matching contributions equal to the employees' salary reduction contributions up to a limit of 3% of the compensation for the year. The Company incurred \$180 in December 31, 2008 in making matching contributions.

**ADVISORS UNLIMITED**

Computation of Net Capital

December 31, 2008

Total ownership equity qualified for net capital	\$ 53,462
Deductions and/or charges:	
Nonallowable assets from statement of financial condition	<u>(41,879)</u>
Net capital before haircuts on securities positions	11,583
Haircuts on securities	<u>-</u>
Net capital	\$ <u><u>11,583</u></u>

## ADVISORS UNLIMITED

### Computation of Aggregate Indebtedness

December 31, 2008

Total aggregate indebtedness	\$	<u>1,808</u>
Net capital	\$	<u>11,583</u>
Percentage of aggregate indebtedness to net capital		16%

## ADVISORS UNLIMITED

### Computation of Basic Net Capital Requirement

December 31, 2008

Minimum net capital required	\$	<u>121</u>
Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries		<u>5,000</u>
Net capital requirement	\$	<u>5,000</u>
Net capital		<u>11,583</u>
Excess net capital	\$	<u>6,583</u>
Excess net capital at 1000%:		
Net capital		11,583
Less: 10% of aggregate indebtedness		<u>181</u>
Excess net capital at 1000%	\$	<u>11,402</u>

**ADVISORS UNLIMITED**

Computation of Net Capital  
Reconciliation with Focus Report Form X-17A-5  
December 31, 2008

	Per Audit	Per Focus Report	Difference
Total ownership equity qualified for net capital	\$ 53,462	\$ 49,053	\$ 4,409
Deductions and/or charges:			
Nonallowable assets from statement of financial condition	(41,879)	(39,528)	(2,351)
Net capital before haircuts on securities positions	11,583	9,525	2,058
Haircuts on securities	-	-	-
Net capital	\$ 11,583	\$ 9,525	\$ 2,058

The difference in reported ownership equity qualified for net capital is the net effect of audit adjustments which were not reflected in the Focus Report at the time of preparation.

The difference in nonallowable assets from the statement of financial condition is the net effect of audit adjustments and allowable assets which were not included in the Focus Report at the time of preparation.

## ADVISORS UNLIMITED

### Statement of Changes in Ownership Equity

December 31, 2008

Beginning Balance	January 1, 2008	\$ 54,233
Net loss		(771)
Ending Balance	December 31, 2008	<u>\$ 53,462</u>



The Board of Directors  
Advisors Unlimited

Ladies and Gentlemen:

In planning and performing our audit of the financial statements and supplementary schedules of Advisors Unlimited (the Company), for the year ended December 31, 2008, we considered its internal control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on 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 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 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 Company is exempted from SEC Rule 15c3-3 as it meets all of the following conditions:

1. Its transactions are limited to the purchase, sale and redemption of redeemable securities of registered investment companies or of interests or participations in an insurance company separate account, whether or not registered as an investment company; except that a broker or dealer transacting business as a sole proprietor may also effect occasional transactions in other securities for its own account with or through another registered broker or dealer;
2. Its transactions as broker (agent) are limited to: (a) the sale and redemption or redeemable securities of registered investment companies or of interests or participations in an insurance company separate account, whether or not registered as an investment company; (b) the solicitation of share accounts for savings and loan associations insured by an instrumentality of the United States; and (c) the sale of securities for the account of a customer to obtain funds for immediate reinvestment in redeemable securities of registered investment companies; and

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3. It promptly transmits all funds and delivers all securities received in connection with its activities as a broker or dealer, and does not otherwise hold funds or securities for, or owe money or securities to, customers.

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 of additional objectives of the practices and procedures listing 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 internal control would not necessarily disclose all matters in 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 detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, which 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 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 is not intended to be and should not be used by anyone other than those specified parties.

Sincerely,

*Grant Thornton, LLP*

**GRANT THORNTON, LLP**

Tamuning, Guam USA

February 24, 2009

**ADVISORS UNLIMITED**

Schedule II

Determination of Reserve Requirements

Under Rule 15c3-3 of the Securities and Exchange Commission

December 31, 2008

The Company is exempt from the Reserve Requirement of computation according to the provision of Rule 15c3-3(k)(1).

See accompanying notes to financial statements and auditors' report.

**ADVISORS UNLIMITED**

Schedule III

Information Relating to Possession or Control

Requirements Under Rule 15c3-3

December 31, 2008

The Company is exempt from the Rule 15c3-3 as it relates to possession and Control requirements under the (k)(1) exemptive provision.

See accompanying notes to financial statements and auditors' report.



February 24, 2009

The Board of Directors  
Advisors Unlimited

Ladies and Gentlemen:

In planning and performing our audit of the financial statements of Advisors Unlimited for the years ended December 31, 2008 and 2007, on which we have issued our report dated February 24, 2009, we considered its system of internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. We noted no matters involving the system of internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

This report is intended solely for the information and use of the Board of Directors, management, FINRA, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Grant Thornton, LLP".

**GRANT THORNTON, LLP**

Tamuning, Guam USA