



09056629

S.

MISSION

Washington, D.C. 20549

CM

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

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

SEC FILE NUMBER
8-67545

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 01/01/2008 AND ENDING 12/31/2008
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Grandfund Investment Group LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

3724 Happy Valley Road
(No. and Street)

Lafayette, CA 94549
(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*

Odenberg, Yllakko, Muranishi & Co, LLP.
(Name - if individual, state last, first, middle name)

465 California Street, Suite 700, San Francisco, CA 94104
(Address) (City) (State)

SEC Mail Processing Section

CHECK ONE:

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

FEB 25 2009

Washington, DC
111

FOR OFFICIAL USE ONLY

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

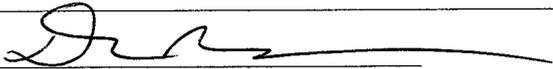
SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

1/2/09

OATH OR AFFIRMATION

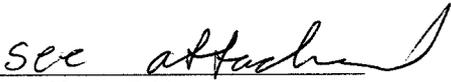
I, Donald Bertucio, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of GrandFund Investment Group, LLC, as of December 31, 2008, are true and correct. I further swear (or affirm) that neither the company 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:



Signature

CCO

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).

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Alameda

On 2/12/09 before me, Kelly Leonard

personally appeared Donald Bertucio

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.
Signature [Handwritten Signature]
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Oath or Affirmation

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Donald Bertucio

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

GRANDFUND INVESTMENT GROUP, LLC

TABLE OF CONTENTS

Independent Auditor's Report..... Page 1

Statement of Financial Condition..... Page 2

Statement of Operations Page 3

Statement of Changes in Members' Capital Page 4

Statement of Cash Flows Page 5

Notes to Financial Statements Pages 6 - 8

Supplementary Information:

Computation of Net Capital..... Page 9

Independent Auditor's Report on Internal Control..... Pages 10 - 11

INDEPENDENT AUDITOR'S REPORT

To the Members of
GrandFund Investment Group, LLC

We have audited the accompanying statement of financial condition of GrandFund Investment Group, LLC (the Company) as of December 31, 2008, and the related statements of operations, changes in members' capital, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. 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, the financial statements referred to above present fairly, in all material respects, the financial position of GrandFund Investment 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 supplementary information, as listed in the table of contents, 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.

Odenberg Ullakko Muranishi & Co LLP

San Francisco, California
February 9, 2009

GRANDFUND INVESTMENT GROUP, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008

ASSETS

Cash and cash equivalents	\$ 25,151
Accounts receivable	450,000
Prepaid expenses	16,684
	<hr/>
TOTAL ASSETS	\$ 491,835
	<hr/> <hr/>

LIABILITIES AND MEMBERS' CAPITAL

LIABILITIES:	
Accounts payable	\$ 6,850
	<hr/>
TOTAL LIABILITIES	6,850
MEMBERS' CAPITAL	484,985
	<hr/>
TOTAL LIABILITIES AND MEMBERS' CAPITAL	\$ 491,835
	<hr/> <hr/>

See accompanying notes to the financial statements.

**GRANDFUND INVESTMENT GROUP, LLC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008**

REVENUES:	
Maintenance fee	\$ 137,500
Placement fee	900,000
	<hr/>
Total revenues	1,037,500
	<hr/>
EXPENSES:	
Consulting and professional fees	312,015
Guaranteed payments	125,000
Donations	40,403
Business conference and entertainment	38,660
Travel and accomodations	46,142
Taxes	6,800
Communications	5,644
Other	10,428
	<hr/>
Total expenses	585,092
	<hr/>
NET INCOME	\$ 452,408
	<hr/> <hr/>

See accompanying notes to the financial statements.

**GRANDFUND INVESTMENT GROUP, LLC
STATEMENT OF CHANGES IN MEMBERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

MEMBERS' CAPITAL, Beginning of Year	\$ 12,577
Contributions	27,500
Distributions	(7,500)
Net income	452,408
	<hr/>
MEMBERS' CAPITAL, End of Year	<u>\$ 484,985</u>

See accompanying notes to the financial statements.

**GRANDFUND INVESTMENT GROUP, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	\$ 452,408
Change in assets and liabilities:	
Accounts receivable	(450,000)
Prepaid expenses	(16,519)
Accounts payable	6,850
	<hr/>
Net cash flows used in operating activities	<u>(7,261)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Contributions received	27,500
Distributions to members	(7,500)
	<hr/>
Net cash flows provided by investing activities	<u>20,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,739
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>12,412</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 25,151</u></u>

See accompanying notes to the financial statements.

GRANDFUND INVESTMENT GROUP, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

GrandFund Investment Group, LLC (the Company) is a California limited liability company formed on November 15, 2005, and its principal place of business is located in Lafayette, California. The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) on July 24, 2007 and is regulated by the Financial Industry Regulatory Authority (FINRA). The members of the Company are Charles Bertucio and Donald Bertucio, who are collectively the managing members, as defined in the Company's operating agreement (the Agreement). In accordance with the Agreement, the existence of the Company will continue in existence unless sooner dissolved by its members.

The Company operates as a third-party sales and marketing firm which assists a private equity firm, "The Yucaipa Companies" (Yucaipa), seeking to raise funds for investment purposes within the Taft Hartley Pension Fund. The Company qualifies potential prospects, arranges presentations, and tracks the sales process.

The Company does not hold customer funds or safe keep customer securities and is therefore exempt from SEC Rule 15c3-3 under the provisions provided for in subparagraph (k)(2)(i).

Basis of Presentation

The financial statements of the Company have been prepared using accounting principles generally accepted in the United States (U.S. GAAP). Financial statements prepared on a U.S. GAAP-basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts and disclosures reported on the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions.

GRANDFUND INVESTMENT GROUP, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 (Continued)

Revenue Recognition

The Company earns maintenance fees from Yucaipa, which pays the Company a quarterly fee of \$25,000 (for the period January 1, 2008 to June 30, 2008) and \$43,750 (for the period July 1, 2008 to December 31, 2008) for sales and marketing services. The maintenance fees are recognized on a straight-line basis over the quarter. For the year ended December 31, 2008, the Company received \$137,500 of maintenance fees representing the amount earned during the time the Company was a registered broker-dealer.

For the year ended December 31, 2008, the Company also earned \$900,000 from Yucaipa as a placement fee for the Yucaipa Johnson Corporate Initiative Growth Fund, of which \$450,000 represents accounts receivable at December 31, 2008.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

Income Taxes

The Company was formed as a California limited liability company (LLC). LLC's are not taxable entities and are treated in the same manner as a partnership for federal and state income tax purposes. Federal and state income tax statutes require that the income or loss of the LLC be included in the tax returns of the individual members. The State of California assesses an annual minimum franchise tax of \$800, which is included in "Other" expenses on the accompanying statement of operations.

Guaranteed Payments

Guaranteed payments are payments to individual members for services rendered, and are not based on the member's share of the Company's income. During the year ended December 31, 2008, guaranteed payments totaled \$125,000 and were made to one managing member.

NOTE 2 – MEMBERS' CAPITAL

The Company is a limited liability company and, as such, no Member shall have any personal liability to the Company, any other Member or to any creditor of the Company for the debts of the Company beyond the amount contributed by the Member to the Company.

Contributions and withdrawal by members may be made from time to time with the consent and approval of a majority interest of the members as set forth in the

GRANDFUND INVESTMENT GROUP, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 (Continued)

Agreement. Profits and losses are, in general terms, allocated to the members on a pro rata basis based on their respective membership interest.

NOTE 3 – RELATED PARTY

During the year ended December 31, 2008, the Company paid a total of \$190,000 in consulting fees to GrandFund, LLC, a related party owned by one of the Company's managing members.

NOTE 4 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) (the Rule), which, among other items, requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined by the Rule, not exceed 15 to 1. The Rule also restricts the timing and amounts of capital withdrawals or dividends paid. At December 31, 2008, the Company had net regulatory capital of \$18,301, which was \$13,301 in excess of its required net capital of \$5,000.

SUPPLEMENTARY INFORMATION

GRANDFUND INVESTMENT GROUP, LLC
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2008

NET CAPITAL:

Total members' capital	\$	484,985
------------------------	----	---------

DEDUCTIONS AND/OR CHARGES:

Non-allowable assets:

Accounts receivable	\$	450,000
---------------------	----	---------

Prepaid expenses		16,684
------------------	--	--------

Total deductions and/or charges		<u>(466,684)</u>
---------------------------------	--	------------------

Net capital before haircuts on securities positions		18,301
---	--	--------

Less - haircuts on securities positions		<u>-</u>
---	--	----------

NET CAPITAL	\$	<u>18,301</u>
--------------------	-----------	----------------------

AGGREGATE INDEBTEDNESS:

Items included in statement of financial condition:

Accounts payable	\$	<u>6,850</u>
------------------	----	--------------

TOTAL AGGREGATE INDEBTEDNESS (A.I.)	\$	<u>6,850</u>
--	-----------	---------------------

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:

Minimum net capital required (6.67% of A.I.)	\$	<u>457</u>
--	----	------------

Minimum dollar requirement	\$	<u>5,000</u>
----------------------------	----	--------------

Excess net capital	\$	<u>13,301</u>
--------------------	----	---------------

Excess net capital at 1000% (net capital - 10% of A.I.)	\$	<u>17,616</u>
---	----	---------------

Ratio: Aggregate indebtedness to net capital		<u>37%</u>
--	--	------------

There was no difference between the audited Computation of Net Capital included in this report and the corresponding schedule included in the Company's unaudited December 31, 2008 Part IIA FOCUS filing.

INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5

To the Members
GrandFund Investment Group, LLC

In planning and performing our audit of the financial statements of GrandFund Investment Group, LLC (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 and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

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

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

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, as described in the second paragraph of this report, were adequate at December 31, 2008, to meet the SEC's objectives.

This report is intended solely for the information and use of 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.

Odenberg Ullakko Muravish & LLP

San Francisco, California
February 9, 2009