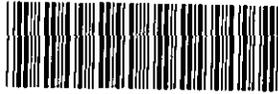


UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

SEC REPORT  
Section

FEB 20 2009

SEC FILE NUMBER  
8- 67639

FACING PAGE  
**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

Washington, DC

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: MAZZONE & ASSOCIATES, INC.

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
1349 W. PEACHTREE ST., NW, SUITE 1910

ATLANTA ATLANTA GA 30309  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
DOMINIC MAZZONE (404) 574-5745  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

HARSHMAN PHILLIPS & COMPANY, LLC

3050 AMWILER ROAD, SUITE 200 ATLANTA GA 30360  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED  
MAR 11 2009 E  
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\*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, DOMINIC MAZZONE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MAZZONE & ASSOCIATES, INC. of DECEMBER 31, 20 08, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



MA

Signature

CEO/CCO

Title

Stephen L. Mckittrick  
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).

**MAZZONE & ASSOCIATES, INC.**

**FINANCIAL STATEMENTS**

December 31, 2008

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Your Financial Business Matters.™

HARSHMAN PHILLIPS & COMPANY, LLC  
3050 Arnwiler Road, Suite 200  
Atlanta, GA 30360  
Tel 770.804.0300  
Fax 770.804.0311

## REPORT OF INDEPENDENT AUDITORS

To the Director and Shareholder of  
Mazzone & Associates, Inc.

We have audited the accompanying statement of financial condition of Mazzone & Associates, Inc. as of December 31, 2008, and the related statements of income, changes in shareholder's 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 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 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 Mazzone & Associates, Inc. as of December 31, 2008, and the results of its operations and its cash flows for the year ended December 31, 2008 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 presented on pages 10-13 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 basic financial statements taken as a whole.

*Harshman Phillips & Co., LLC*

February 12, 2009

MAZZONE & ASSOCIATES, INC.

STATEMENT OF FINANCIAL CONDITION

December 31, 2008

ASSETS

Cash and cash equivalents	\$	202,888
Other receivables		5,000
Prepaid expenses		3,830
Property and equipment, net		84,980
Deposits		4,827
		<hr/>
Total Assets	\$	<u>301,525</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Accounts payable and accrued expenses	\$	41,395
Deferred revenues		5,417
		<hr/>
Total Liabilities		46,812
		<hr/>
Shareholder's Equity:		
Common Stock, par value \$0.01, authorized 1,000 shares; issued and outstanding 150 shares		2
Additional Paid-in Capital		34,998
Retained Earnings		219,713
		<hr/>
Total Shareholder's Equity		254,713
		<hr/>
Total Liabilities and Shareholder's Equity	\$	<u>301,525</u>

*The accompanying notes are an integral part of these financial statements.*

MAZZONE & ASSOCIATES, INC.

STATEMENT OF INCOME

For the Year Ended December 31, 2008

REVENUES	
Investment advisory fees	\$ 539,750
Other advisory services	49,834
Investment banking	20,000
Interest income	<u>106</u>
Total Revenues	<u>609,690</u>
EXPENSES	
Compensation and related expenses	107,578
Brokerage, commissions, and clearing fees	180,320
Office and other operating expenses	148,630
Sales and marketing expenses	<u>52,801</u>
Total Expenses	<u>489,329</u>
NET INCOME	<u><u>\$ 120,361</u></u>

*The accompanying notes are an integral part of these financial statements.*

MAZZONE & ASSOCIATES, INC.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the Year Ended December 31, 2008

	Common Stock		Additional Paid-in Capital		Retained Earnings	Total Shareholder's Equity
	Number of Shares	Amount				
Balance, December 31, 2007	150	\$ 2	\$ 34,998	\$ 127,352	\$ 162,352	
Net Income	-	-	-	120,361	120,361	
Distributions	-	-	-	(28,000)	(28,000)	
Balance, December 31, 2008	150	\$ 2	\$ 34,998	\$ 219,713	\$ 254,713	

The accompanying notes are an integral part of these financial statements.

MAZZONE & ASSOCIATES, INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	\$ 120,361
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	18,756
Changes in operating assets and liabilities:	
Other receivables	(5,000)
Prepaid expenses and deposits	(4,075)
Accounts payable, accrued expenses and deferred revenues	45,019
Net Cash Provided By Operating Activities	<u>175,061</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	<u>(23,735)</u>
Net Cash Used In Investing Activities	<u>(23,735)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Distributions to shareholder	<u>(28,000)</u>
Net Cash Used By Financing Activities	<u>(28,000)</u>
Net Increase in Cash and Cash Equivalents	123,326
Cash and Cash Equivalents at Beginning of Year	<u>79,562</u>
Cash and Cash Equivalents at End of Year	<u>\$ 202,888</u>

*The accompanying notes are an integral part of these financial statements.*

# MAZZONE & ASSOCIATES, INC.

## NOTES TO FINANCIAL STATEMENTS

### 1. Organization and description of business

Mazzone & Associates, Inc. (the "Company"), is a non-carrying, non-clearing broker-dealer registered with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority (FINRA). The Company provides agency transactions, investment banking, mergers and acquisitions advisory, and corporate finance services including structuring debt to middle market companies, private equity groups, and individuals buying and selling companies in multiple industry sectors throughout the United States of America. The Company generates revenue from a few, large transactions. Because of the nature of this business, the Company may experience long periods of time without closing a transaction. The Company, a Georgia corporation formed on February 2, 2007, is based in Atlanta, Georgia.

### 2. Summary of significant accounting policies

#### *a. Basis of accounting*

The accompanying financial statements of the Company have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other assets and liabilities in accordance with accounting principles generally accepted in the United States of America.

#### *b. Investment banking, investment advisory fees, and other advisory services*

Investment banking revenues include fees and commissions, net of syndicate expenses, arising from securities offerings in which the Company acts as an underwriter or agent. Investment advisory fees include mergers and acquisitions transaction fees earned. Other advisory services include fees earned from providing merger and acquisition and financial advisory services. Investment banking, investment advisory fees, and other advisory services are recorded at the date of settlement or the time the transaction is completed and the related income is reasonably determinable. All related expenses, including commission expense arising from these transactions are also recorded at the date of settlement.

#### *c. Advertising costs*

Advertising and promotion expenses are recognized as incurred.

#### *d. Income taxes*

The Company has elected to be taxed as an S Corporation for income tax purposes. Accordingly, no provision for income taxes has been recorded in the accompanying

MAZZONE & ASSOCIATES, INC.

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

d. *Income taxes (continued)*

financial statements as the tax effects of the Company's activities are the responsibility of its shareholder.

e. *Cash and cash equivalents*

The Company considers all cash and money market investments with maturities of three months or less to be cash equivalents.

f. *Depreciation*

Furniture and fixtures, equipment, and vehicle are depreciated on a straight-line basis over five-year estimated useful lives. Improvements that extend the life of an asset are capitalized while repairs and maintenance are charged to expense as incurred.

g. *Use of estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

h. *Accounts receivables and bad debts*

Management believes that all accounts receivable are fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

i. *Fair value of financial instruments*

The financial instruments consist of cash and cash equivalents, accounts payable and other short term assets and liabilities. The book values of these financial instruments approximate their fair values, principally because of their short-term maturities.

MAZZONE & ASSOCIATES, INC.

NOTES TO FINANCIAL STATEMENTS

3. **Property and equipment**

Property and equipment recorded at cost as of December 31, 2008 consists of the following classifications:

Vehicle	\$ 68,535
Equipment	23,626
Furniture and fixtures	<u>11,575</u>
	103,736
Less accumulated depreciation and amortization	<u>18,756</u>
Net property and equipment	<u>\$ 84,980</u>

Depreciation expense charged to operations totaled \$18,756 for 2008.

4. **Operating leases**

The Company has entered into non-cancelable operating lease agreements for office space and a vehicle that expire at various dates through the year 2011. The office lease may be terminated upon 90 days prior written notice. Minimum future payments required under the terms of the leases for each of the next three years in the aggregate as of December 31 are as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 43,002
2010	41,915
2011	<u>14,070</u>
Total	<u>\$ 98,987</u>

Vehicle and office rental expenses charged to operations under these lease agreements totaled approximately \$42,000 for 2008.

5. **Net capital requirements**

As a registered broker dealer, the Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1. The rule states, in part, that a broker or dealer that does not receive, directly or indirectly, or hold funds or securities for, or owe funds or securities to, customers and does not carry accounts of, or for, customers is required to maintain minimum net capital 6-2/3% of aggregate indebtedness, or \$5,000, whichever is greatest. As of December 31, 2008, the Company has net capital of \$156,076 which exceeds its requirement of \$5,000 by \$151,076.

**MAZZONE & ASSOCIATES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**6. Concentrations of credit risk**

The Company maintains cash balances at banks and other financial institutions. Accounts at banks and institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company's cash deposits exceeded insured amounts by approximately \$20,000 at December 31, 2008.

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

**7. Subsequent event**

The Company had sufficient capital for distribution, and therefore, distributed \$75,000 to the officer-shareholder in January 2009.

**SUPPLEMENTARY INFORMATION**

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

To the Director and Shareholder of  
Mazzone & Associates, Inc.

In planning and performing our audit of the financial statements and supplemental schedule of Mazzone & Associates, Inc. (the "Company") for the year ended December 31, 2008, we considered its 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.

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 aggregated 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
2. Recordation of differences required by Rule 17a-13
3. Complying with the requirements of prompt payment for securities under Section 8 of the 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.

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

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 Accounts. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control including 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 use of the Board of Directors, the shareholder of the Company, its management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies who 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.

*Harshman Phillips & Co., LLC*

February 12, 2009

MAZZONE & ASSOCIATES, INC.

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE  
SECURITIES AND EXCHANGE COMMISSION

For the Year Ended December 31, 2008

Schedule 1

Net Capital	
Total Shareholder's Equity	\$ 254,713
Deduct total non-allowable assets	<u>98,637</u>
Net capital before haircuts on securities	156,076
Haircuts on securities	<u>-</u>
Net Capital	<u>\$ 156,076</u>
Aggregated Indebtedness	
Accounts payable and accrued expenses	\$ 41,395
Total Aggregate Indebtedness	<u>\$ 41,395</u>
Computation of Basic Net Capital Requirement	
Minimum net capital required	<u>\$ 5,000</u>
Excess Net Capital	<u>\$ 151,076</u>
Percentage of aggregate indebtedness to net capital	<u>27%</u>
Reconciliation of Net Capital Computation under Rule 17a-5(d)(4) of the Securities and Exchange Act of 1934:	
Net Capital, as reported in Company's unaudited Part II of Form X-17A-5	\$ 156,076
Audit adjustment to record additional expenses and liabilities	<u>-</u>
Net Capital, as reported in Company's audited financial report	<u>\$ 156,076</u>

END