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

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

SEC FILE NUMBER  
8-065772

3/5

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 January 1, 2008 AND ENDING December 31, 2008  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Dragonfly Capital Partners, LLC

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

1310 S. Tryon Street, Suite 109

(No. and Street)

Charlotte

NC

28203

(City)

(State)

(Zip Code)

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

Don W. Millen, Jr.

704-342-3491

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Vance Flouhouse & Garges, PLLC

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

7725 Ballantyne Commons Pkwy, Ste 103

Charlotte

NC

28277

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

SECURITIES AND EXCHANGE COMMISSION  
**RECEIVED**  
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BRANCH OF REGISTRATIONS  
AND  
EXAMINATIONS

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)

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BDP 3/13

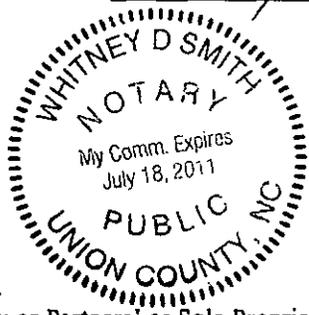
OATH OR AFFIRMATION

I, Don W. Millen, Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Dragonfly Capital Partners, 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:

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

Don W. Millen, Jr.  
Signature  
President  
Title

Whitney D Smith  
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).

FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION  
DRAGONFLY CAPITAL PARTNERS, LLC  
DECEMBER 31, 2008

DRAGONFLY CAPITAL PARTNERS, LLC

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VANCE FLOUHOUSE & GARGES, PLLC  
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Dragonfly Capital Partners, LLC  
Charlotte, North Carolina

We have audited the accompanying balance sheets of Dragonfly Capital Partners, LLC (a North Carolina Limited Liability Company) as of December 31, 2008 and 2007 and the related statements of operations, member equity, and cash flows for the years then ended. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Dragonfly Capital Partners, LLC 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 accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 10-14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audits 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.

*Vance Flouhouse & Garges PLLC*

Charlotte, North Carolina  
February 16, 2009

DRAGONFLY CAPITAL PARTNERS, LLC

BALANCE SHEETS

December 31,

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	<u>\$ 48,775</u>	<u>\$ 7,368</u>
Total assets	<u><u>\$ 48,775</u></u>	<u><u>\$ 7,368</u></u>
MEMBER EQUITY		
Member equity	<u>\$ 48,775</u>	<u>\$ 7,368</u>
Total member equity	<u><u>\$ 48,775</u></u>	<u><u>\$ 7,368</u></u>

See notes to financial statements

DRAGONFLY CAPITAL PARTNERS, LLC

STATEMENTS OF OPERATIONS

For the years ended December 31,

	<u>2008</u>	<u>2007</u>
Fee income	\$ 1,279,944	\$ 2,224,036
Interest income	262	298
	<u>1,280,206</u>	<u>2,224,334</u>
Commissions	1,222,183	2,211,128
Licenses and permits	5,018	4,414
Rent	4,800	4,800
Utilities	1,200	1,200
Professional fees	4,740	2,490
Other operating expenses	858	1,347
	<u>1,238,799</u>	<u>2,225,379</u>
Net income (loss)	<u>\$ 41,407</u>	<u>\$ (1,045)</u>

See notes to financial statements

DRAGONFLY CAPITAL PARTNERS, LLC

STATEMENTS OF CHANGES IN MEMBER EQUITY

For the years ended December 31,

	<u>2008</u>	<u>2007</u>
Balance at beginning of year	\$ 7,368	\$ 8,413
Net income (loss)	41,407	(1,045)
Balance at end of year	<u>\$ 48,775</u>	<u>\$ 7,368</u>

See notes to financial statements

DRAGONFLY CAPITAL PARTNERS, LLC

STATEMENTS OF CASH FLOWS

For the years ended December 31,

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 41,407	\$ (1,045)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in:		
Prepaid expenses	<u>-</u>	<u>1,500</u>
Net cash provided by (used in) operating activities	<u>41,407</u>	<u>455</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	41,407	455
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>7,368</u>	<u>6,914</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 48,775</u></u>	<u><u>\$ 7,368</u></u>

See notes to financial statements

DRAGONFLY CAPITAL PARTNERS, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Dragonfly Capital Partners, LLC, a North Carolina partnership, was formed in November, 2002. The company is a merchant-banking firm headquartered in Charlotte, North Carolina, serving small and middle-market companies in the southeastern United States. The company offers unbiased advice and assistance to clients regarding private capital placements, mergers and acquisitions, and other financial assignments.

At December 31, 2008, Dragonfly Capital Partners, LLC was a member in good standing with the Security Investor Protection Corporation (SIPC).

Cash and Cash Equivalents

For purposes of the balance sheet and statement of cash flows, the Company considers all highly liquid investments, which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents.

Management's 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 disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

Income Taxes

The Company is a limited liability company in which all elements of income and deductions are included in the tax return of the member of the Company. Therefore, no income tax provision is recorded by the Company.

SUPPLEMENTAL INFORMATION

DRAGONFLY CAPITAL PARTNERS, LLC

COMPUTATION OF NET CAPITAL

December 31,

	<u>2008</u>	<u>2007</u>
COMPUTATION OF NET CAPITAL		
Total ownership equity from statement of financial condition	\$ 48,775	\$ 7,368
Deduct ownership equity not allowable for net capital	-	-
Total ownership equity qualified for net capital	<u>48,775</u>	<u>7,368</u>
Liabilities subordinated to claims of general creditors	-	-
Total nonallowable assets (Central Registration Depository and Prepays)	<u>103</u>	<u>685</u>
Net capital	<u>\$ 48,672</u>	<u>\$ 6,683</u>
COMPUTATION OF NET CAPITAL REQUIREMENT		
(A) Minimum net capital requirement (6 2/3% of total aggregate indebtedness)	\$ -	\$ -
(B) Minimum dollar net capital requirement of reporting broker dealer and minimum net capital requirements of subsidiaries	<u>5,000</u>	<u>5,000</u>
Net capital requirement (greater of A or B above)	<u>5,000</u>	<u>5,000</u>
Excess net capital	<u>43,672</u>	<u>1,683</u>
Excess net capital at 1000% (Net capital less 10% of total aggregate indebtedness)	<u>\$ 48,672</u>	<u>\$ 6,683</u>
COMPUTATION OF AGGREGATE INDEBTEDNESS		
Total aggregate indebtedness (Accounts payable)	-	-
Percentage of aggregate indebtedness to net capital	0.00%	0.00%

See notes to financial statements

Dragonfly Capital Partners, LLC

CRD #125199

FYE 12/31/08

Oath/Affirmation of Truthfulness

Dragonfly Capital Partners, LLC ("DFCP") is a \$5,000 net capital member broker/dealer under SEC Rule 15c3-1(a)(2)(vi).

The Financial Statements and computations of Net Capital for the period ending December 31, 2008 included herein are prepared according to General Accepted Accounting Procedures ("GAAP") and are true and correct.



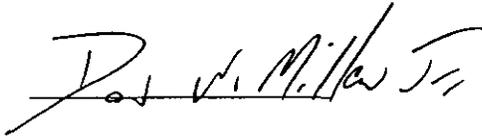
Don W. Millen, Jr.  
President

Dragonfly Capital Partners, LLC  
CRD #125199  
FYE 12/31/08

SEC Rule 17a-5(d)(4) – Reconciliation Statement

Dragonfly Capital Partners, LLC (“DFCP”) is a \$5,000 net capital member broker/dealer under SEC Rule 15c3-1(a)(2)(vi).

No material differences exist between the DFCP’s audited Net Capital computation under SEC Rule 15c3-1 and its Focus IIA quarterly filing under 17a-5(a).



Don W. Millen, Jr.  
President

Dragonfly Capital Partners, LLC

CRD #125199

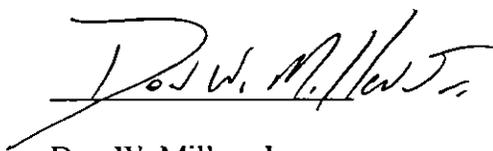
FYE 12/31/08

SEC Rule 15c3-3 Reserve Requirement

Dragonfly Capital Partners, LLC ("DFCP") is a \$5,000 net capital member broker/dealer under SEC Rule 15c3-1(a)(2)(vi).

DFCP does not hold customer funds or safe keep customer securities and operates pursuant to SEC Rule 15c3-3(k)(2)(i).

DFCP is thus exempt from the reserve requirements under SEC Rule 15c3-3.

A handwritten signature in black ink, appearing to read "Don W. Millen, Jr.", written in a cursive style.

Don W. Millen, Jr.  
President



VANCE FLOUHOUSE & GARGES, PLLC  
Certified Public Accountants and Consultants

Dragonfly Capital Partners, LLC

CRD #125199  
SEC 8-65772  
FYE 12/31/08

SEC Rule Section 240.17a-5(j) – Accountant’s Report on Material Inadequacies

Under SEC Rule 17a-5(j) and 17a-5(g), no material inadequacies were found to exist at Dragonfly Capital Partners, LLC (“DFCP”) as the result of our audit for the year ended December 31, 2008.

As stated in our Independent Auditor’s Report, the financial statements of DFCP including the computation of aggregate indebtedness and net capital under 17a-3(a)(11) were presented in accordance with generally accepted accounting principles.  
SEC Rule 17a-5(g)(1)(i).

No securities were held by DFCP at December 31, 2008 and DFCP was in compliance with SEC Rule 17a-5(g)(1)(ii), (iii) and (iv)

This note shall serve as a supplemental report to the December 31, 2008 audit report of DFCP.

*Vance Flouhouse & Garges PLLC*

Charlotte, North Carolina  
February 16, 2009

END