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

SEC FILE NUMBER  
8-53681

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: **Brentwood Capital Advisors, LLC**

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

**1600 Division Street, Ste. 520**

(No. and Street)

**Nashville,**

**Tennessee**

**37203**

(City)

(State)

(Zip Code)

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

**Kevin Murphy**

**615-690-1700**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Price CPAs, PLLC**

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

**P.O. Box 150749**

**Nashville,**

**Tennessee**

**37215**

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

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

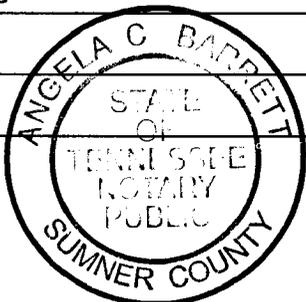
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Kevin Murphy, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Brentwood Capital Advisors, 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:

Not Applicable



Kevin Z. Murphy  
Signature  
Managing Partner  
Title

Angela C. Barrett  
Notary Public My Commission Expires April 5, 2009

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. **(Not Required)**
- (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).

## Independent Auditor's Report

### The Members

Brentwood Capital Advisors, LLC  
Nashville, Tennessee

We have audited the accompanying statement of financial condition of Brentwood Capital Advisors, LLC as of December 31, 2008, and the related statements of operations and members' equity, 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 an 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 estimated 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 Brentwood Capital Advisors, 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 information contained in the supplemental schedules 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.

  
Price CPAs, PLLC  
February 27, 2009

**PRICE CPAs, PLLC**

3825 Bedford Ave., Suite 202  
P.O. Box 150749  
Nashville, Tennessee 37215

Phone 615.385.0686  
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www.pricecpas.com

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Public Accountants*

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Statement of Financial Condition**  
**December 31, 2008**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 871,274
Accounts receivable, net	8,500
Prepaid expenses	49,745
	<u>929,519</u>

**PROPERTY, PLANT AND EQUIPMENT, net** 61,642

**NOTE RECEIVABLE- MEMBER** 25,000

**TOTAL ASSETS** \$ 1,016,161

**LIABILITIES AND MEMBERS' EQUITY**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses \$ 35,146

**MEMBERS' EQUITY** 981,015

**TOTAL LIABILITIES AND MEMBERS' EQUITY** \$ 1,016,161

See Independent Auditor's Report and Notes to Financial Statements

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Statement of Operations and Members' Equity**  
**For the Year Ended December 31, 2008**

<b>REVENUE</b>	\$ 4,135,000
<b>OPERATING EXPENSES</b>	<u>1,669,463</u>
<b>Operating Income</b>	2,465,537
<b>OTHER INCOME (DEDUCTIONS)</b>	
Other income	35,100
Interest income	12,688
Interest expense	(1,269)
Bonuses	(1,630,000)
401k profit sharing and defined benefit pension plans	<u>(297,776)</u>
<b>Other Deductions</b>	<u>(1,881,257)</u>
<b>NET INCOME</b>	584,280
<b>MEMBERS' EQUITY AT BEGINNING OF YEAR</b>	181,492
<b>Contributions from Members</b>	<u>215,243</u>
<b>MEMBERS' EQUITY AT END OF YEAR</b>	<u><u>\$ 981,015</u></u>

See Independent Auditor's Report and Notes to Financial Statements

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2008**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Income	\$ 584,280
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>	
Depreciation	25,151
<i>(Increase)Decrease in operating assets:</i>	
Accounts receivable	36,500
Prepaid expenses	(39,745)
<i>Decrease in operating liabilities:</i>	
Accounts payable and accrued expenses	<u>(29,431)</u>
<b>Total adjustments</b>	<u>(7,525)</u>
<b>Net cash provided by operating activities</b>	576,755
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Payments for the purchase of property and equipment	<u>(428)</u>
<b>Net cash used by investing activities</b>	(428)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Capital contributions	<u>215,243</u>
<b>Net cash provided by financing activities</b>	<u>215,243</u>
<b>NET INCREASE IN CASH</b>	791,570
<b>CASH - BEGINNING OF YEAR</b>	<u>79,704</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 871,274</u></u>

See Independent Auditor's Report and Notes to Financial Statements

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Notes to the Financial Statements**  
**December 31, 2008**

**NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

Brentwood Capital Advisors, LLC (the Company) is a boutique investment banking firm focused on private placements of senior and subordinate debt and equity securities to institutional investors in addition to providing mergers and acquisition financial advisory services. The Company is a registered broker-dealer under the Securities Exchange Act of 1934 and a member of the Financial Industry Regulatory Authority (FINRA), which is the governing body for the broker-dealer industry created by the July 2007 merger of NASD and NYSE Regulation.

**Basis of presentation**

The financial statements are prepared on the accrual basis.

**Property and Equipment**

Property and equipment is stated at cost. Expenses for repairs and maintenance are expensed as incurred. Depreciation is provided over the assets' estimated useful lives using the straight-line and declining-balance methods. Estimated useful lives range from 5-7 years.

Depreciation expense for the year ended December 31, 2008, totaled \$25,151.

**Income taxes**

The Company is not a taxpaying entity for federal income tax purposes, and, accordingly, no income tax expense or benefit has been recorded in these financial statements. Income or losses from the Company are reflected in the Members' individual income tax returns.

**Revenue recognition**

Fees related to private placements of senior and subordinate debt, as well as equity securities are recognized upon the date of placement and financial advisory services fees are recognized as services are provided.

**Marketing and promotion costs**

Marketing and promotion costs are expensed as incurred and amounted to \$128,834 in 2008.

**Use of 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Notes to the Financial Statements**  
**December 31, 2008**

**NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

**Allowance for Doubtful Accounts**

The Company considers all accounts outstanding in excess of ninety (90) days delinquent. These accounts are evaluated on a customer-by-customer basis based on payment history to determine the allowance for doubtful accounts. The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

**Financial Instruments**

Unless otherwise indicated, the fair values of all reported assets and liabilities which represent financial instruments approximate the carrying values of such amounts.

**NOTE 2 - CREDIT RISK AND OTHER CONCENTRATIONS**

The Company maintains its cash in bank deposit accounts at regional financial institutions, which at times, may exceed the FDIC limit. The Company has not experienced any losses in such accounts, therefore management does not believe it is exposed to any significant credit risk related to cash and cash equivalents.

**NOTE 3 – PROPERTY AND EQUIPMENT, net**

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

Office Equipment	\$ 62,537
Furniture and fixtures	<u>137,862</u>
	200,399
Accumulated depreciation	<u>(138,757)</u>
	<u>\$ 61,642</u>

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Notes to the Financial Statements**  
**December 31, 2008**

**NOTE 4 - RETIREMENT PLANS**

***401(k) Profit Sharing Plan***

The Company sponsors a 401(k) profit sharing plan for qualified employees. Company contributions are made at management's discretion but cannot exceed the amount deductible for federal income tax purposes.

***Defined Benefit Plan***

The Company maintains a cash balance pension plan for eligible employees. A cash balance pension plan operates as a defined benefit pension plan. Contributions from the Company are calculated annually at amounts deemed necessary by actuarial study to fund the Plan in accordance with the applicable minimum funding standards. Notwithstanding the foregoing, the Employer reserves the right to terminate this Plan at any time. As of December 31, 2008 there are eleven participants in the plan. Contributions are based on the amount required to fund a projected annual benefit at the employees retirement date. Non-owner participants in the plan are credited with an amount equal to 1.5% of their compensation for the plan year. The owner participants reimburse the company for the amount of contribution required to fund their projected benefit. As of December 31, 2008 the estimated actuarial value of Plan assets is equal to 81.4% of the Plan's actuarial estimated present value of accrued benefits.

**NOTE 5 - LEASE COMMITMENTS**

The Company utilizes office space under an operating lease. Rent expense under this lease amounted to \$141,116 in 2008. A summary of future minimum payments under this lease as of December 31, 2008 is as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 138,408
2010	140,899
2011	143,435
2012	<u>72,357</u>
	<u>\$ 495,099</u>

**NOTE 6 - NET CAPITAL REQUIREMENTS AND OTHER RESTRICTIONS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires that a Broker/Dealer's aggregate indebtedness, as defined, shall not exceed fifteen times net capital, subject to a minimum net capital requirement. Minimum net capital for the Company is \$5,000. At December 31, 2008, the Company had net capital of \$836,128, which was \$831,128 in excess of its required net capital of \$5,000.

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Notes to the Financial Statements**  
**December 31, 2008**

**NOTE 7 – RELATED PARTY**

Brentwood Capital Partners, L.P. (BCP), a related party through common ownership was formed during 2008. As of December 31, 2008, BCP had not incurred any activity.

**BRENTWOOD  
CAPITAL  
ADVISORS**

**Supplemental Information  
December 31, 2008**

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Operating Expenses**  
**For the Year Ended December 31, 2008**

Salaries and benefits	\$ 1,066,959
Advertising and promotion	166,418
Depreciation	25,151
Dues and subscriptions	42,535
Legal and professional	79,544
Licenses, bonds, and fees	300
Insurance	50,733
Miscellaneous	29,605
Office expenses	36,923
Rent	141,116
Repairs and maintenance	4,724
Other taxes	6,405
Telephone	6,877
Travel and entertainment	12,173
	<hr/>
	<u><u>\$ 1,669,463</u></u>

See Independent Auditor's Report

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Computation of Net Capital Under Rule 15c3-1**  
**December 31, 2008**

Total members' equity	\$ 981,015
Less non-allowable assets and haircuts:	
Property and equipment, net	61,642
Note receivable – member	25,000
Accounts receivable	8,500
Prepaid expenses	49,745
Total non-allowable assets and haircuts	144,887
Net capital	836,128
Net capital required	5,000
Excess net capital	\$ 831,128
Reconciliation with Company's computation (included in Part II of form X-17A-5 as of December 31, 2008)	
Excess as reported in Company's Part II FOCUS report	\$ 829,236
Overaccrued accounts payable	8,939
Overstated cash balance	(20)
2008 401k profit sharing and defined benefit contributions	(7,027)
	\$ 831,128

See Independent Auditor's Report

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Computation for Determination of Reserve Requirements**  
**Pursuant to Rule 15c3-3**  
**December 31, 2008**

The Company is exempt from the requirements of Rule 15c3-3 under Section K(2)(ii) of the Rule.

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Information Relating to the Possession or Control**  
**Requirements Under Rule 15c3-3**  
**December 31, 2008**

The Company is exempt from the requirements of Rule 15c3-3 under Section K(2)(ii) of the Rule.

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Reconciliation Between the Audited and Unaudited**  
**Statements of Financial Condition with Respect to**  
**Methods of Consolidation**  
**December 31, 2008**

Not Applicable

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Material Inadequacies Found to Exist or Found to**  
**Have Existed Since the Date of the Previous Audit**  
**December 31, 2008**

None

**Independent Auditor's Report On Internal Control Required by SEC Rule 17a-5 for a  
Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3**

The Members

Brentwood Capital Advisors, LLC:

In planning and performing our audit of the financial statements and supplemental schedules of Brentwood Capital Advisors, 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 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 on 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 on 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 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 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 conformity 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.

**PRICE CPAs, PLLC**

3825 Bedford Ave., Suite 202  
P.O. Box 150749  
Nashville, Tennessee 37215

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*A member of the  
American Institute of Certified  
Public Accountants*

Because of inherent limitations in any 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, 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 the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, 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.



Price CPAs, PLLC  
February 27, 2009

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**BRENTWOOD  
CAPITAL  
ADVISORS**

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Financial Statements**  
**December 31, 2008**

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