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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- 50763

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 01/01/10 AND ENDING 12/31/10  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **1st BridgeHouse Securities, LLC**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

**800 Sawyer Bend Court**

(No. and Street)

**Franklin,**

**TN**

**37069**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
**L. Rainey Gray, CEO** **615-373-9195**

(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)

**3825 Bedford Ave., Ste. 202 Nashville, TN 37215**

(Address)

(City)

(Zip Code)

CHECK ONE:

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

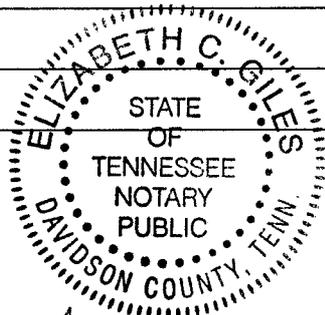


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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, L. Rainey Gray, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of 1st BridgeHouse Securities, LLC, as of December 31, 2010, 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:



L. Rainey Gray  
Signature  
CEO  
Title

Elizabeth C. Giles  
Notary Public

*notary exp date of July 8, 2013*

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).

**Independent Auditor's Report**

L. Rainey Gray  
1<sup>st</sup> BridgeHouse Securities, LLC  
Franklin, Tennessee

We have audited the accompanying statement of financial condition of 1st BridgeHouse Securities, LLC as of December 31, 2010, and the related statement 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 1st BridgeHouse Securities, LLC as of December 31, 2010, 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  
March 16, 2011

**1ST BRIDGEHOUSE SECURITIES, LLC**  
**Statement of Financial Condition**  
**December 31, 2010**

**ASSETS**

**CURRENT ASSETS**

Cash	<u>\$ 11,744</u>
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**LIABILITIES AND MEMBERS' EQUITY**

**CURRENT LIABILITIES**

Accounts payable	\$ 6,543
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**MEMBERS' EQUITY**

Members' capital	<u>5,201</u>
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<b>Total Liabilities and Members' Equity</b>	<u><u>\$ 11,744</u></u>
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See Independent Auditor's Report and Notes to the Financial Statements

**1ST BRIDGEHOUSE SECURITIES, LLC**

**Statement of Operations**

**For the Year Ended December 31, 2010**

**REVENUES**

Investment banking fees	\$ 68,623
Reimbursed expenses	<u>1,329</u>
<b>Total Income</b>	69,952

**OPERATING EXPENSES**

Commissions	30,999
Regulatory fees	16,057
Professional fees	17,708
Dues and subscriptions	4,486
Insurance	907
Bank service charges	267
Printing and reproduction	(217)
Other taxes	<u>1,536</u>
<b>Total Expenses</b>	<u>71,743</u>

**OPERATING LOSS**

(1,791)

**NET LOSS**

\$ (1,791)

See Independent Auditor's Report and Notes to the Financial Statements

**1ST BRIDGEHOUSE SECURITIES, LLC**  
**Statement of Changes in Members' Equity**  
**For the Year Ended December 31, 2010**

<b>Members' Equity - Beginning of Year</b>	\$ 6,392
Net Loss	(1,791)
Contributed Capital	<u>600</u>
<b>Members' Equity - End of Year</b>	<u><u>\$ 5,201</u></u>

See Independent Auditor's Report and Notes to the Financial Statements

**1ST BRIDGEHOUSE SECURITIES, LLC**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2010**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Loss	\$ (1,791)
<b>Adjustments to reconcile net loss to net cash used by operating activities:</b>	
<i>Decrease in operating liabilities:</i>	
Accounts payable	<u>(3,192)</u>
<b>Total adjustments</b>	<u>(3,192)</u>
<b>Net cash used by operating activities</b>	<u>(4,983)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Capital contributions from members	<u>600</u>
<b>Net cash provided by financing activities</b>	<u>600</u>

**NET CHANGE IN CASH** (4,383)

**CASH - BEGINNING OF YEAR** 16,127

**CASH - END OF YEAR** \$ 11,744

See Independent Auditor's Report and Notes to the Financial Statements

**1<sup>ST</sup> BRIDGEHOUSE SECURITIES, LLC**  
**Notes to Financial Statements**  
**December 31, 2010**

**Note 1 – Nature of Operations and Significant Accounting Policies**

1<sup>st</sup> BridgeHouse Securities, LLC (the Company) is a boutique investment banking firm focused on private placements of senior and subordinate debt and equity securities to institutional and private investors and providing mergers and acquisition financial advisory services for medium to smaller firms. The Company is a registered broker-dealer under the Securities Exchange Act of 1934 and a member of the Financial Industry Regulatory Authority (FINRA). The Company was formed in 1998 as a Tennessee Limited Liability Company.

**Basis of Accounting**

The books and records of the Company are maintained on the accrual basis for financial reporting purposes, which means that revenue is recognized as it is earned and expenditures are recognized as incurred.

**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.

**Fair Value of Financial Instruments**

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

- Current Assets and Liabilities: The carrying values of these items approximate their fair values due to the short maturities of these instruments.

**Date of Management's Review**

Subsequent events have been evaluated through March 16, 2011, which is the date the financial statements were issued.

**Income Taxes**

The Company is taxed as a partnership under the Internal Revenue Code and applicable state statutes, and, therefore, the Company's income flows through to the members to be taxed at the individual level rather than the corporate level. Accordingly, the Company will have no tax liability (with limited exceptions) as long as the partnership election is in effect.

The Company has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, including the position that the Company continues to qualify to be treated as a partnership for both federal and state income tax purposes. The Company's income tax filings are subject to audit by various taxing authorities. The Company's open audit periods are 2007 to 2010. Based on the results of management's evaluation, the Company has no material uncertain tax positions to be accounted for in the financial statements for the year ended December 31, 2010.

**1<sup>ST</sup> BRIDGEHOUSE SECURITIES, LLC**  
**Notes to Financial Statements (continued)**  
**December 31, 2010**

**Note 1 – Nature of Operations and Significant Accounting Policies (Continued)**

**Use of Estimates**

The preparation of financial statements, in accordance with accounting principles generally accepted in the United States of America, 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.

**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 – Net Capital Requirements**

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; however, the Company cannot distribute income to its members until the capital is at least 120% of the minimum net capital, or \$6,000 as of December 31, 2010. The Company had net capital of \$5,201 at December 31, 2010, which was \$201 in excess of its required net capital of \$5,000.

**Note 4 – Revenue Concentration**

The Company's revenue activity consisted of four transactions for the year ended December 31, 2010, which comprised 100% of total revenue.

**Note 5 – Related Party Transactions**

Consulting fees include an \$8,100 payment to 1<sup>st</sup> Bridgehouse Consulting, an entity related to the Company through common ownership.

**Note 6 – Exemption of SEC Rule 15c3-3 Reserve Requirement**

The Company is exempt from the provisions of SEC Rule 15c3-3, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

**1<sup>st</sup> BRIDGEHOUSE**  
SECURITIES, LLC

**Required Supplementary Information**  
**December 31, 2010**

**1ST BRIDGEHOUSE SECURITIES, LLC**  
**Computation of Net Capital Under Rule 15c3-1**  
**December 31, 2010**

Total members' equity	\$ 5,201
Net capital required	<u>5,000</u>
Excess net capital	<u><u>\$ 201</u></u>
Reconciliation with Company's computation (included in Part II of form X-17A-5 as of December 31, 2010)	
Excess as reported in Company's Part II FOCUS report	\$ 3,376
Underaccrued accounts payable	<u>(3,175)</u>
	<u><u>\$ 201</u></u>

See Independent Auditor's Report

**1<sup>ST</sup> BRIDGEHOUSE SECURITIES, LLC**  
**Computation for Determination of Reserve Requirements**  
**Pursuant to Rule 15c3-3**  
**December 31, 2010**

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

See Independent Auditor's Report

**1<sup>ST</sup> BRIDGEHOUSE SECURITIES, LLC**  
**Information Relating to the Possession or Control**  
**Requirements Under Rule 15c3-3**  
**December 31, 2010**

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

See Independent Auditor's Report

**1<sup>ST</sup> BRIDGEHOUSE SECURITIES, LLC**  
**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**  
**December 31, 2010**

Not Applicable

See Independent Auditor's Report

**1<sup>ST</sup> BRIDGEHOUSE SECURITIES, LLC**  
**Material Inadequacies Found to Exist or Found to**  
**Have Existed Since the Date of the Previous Audit**  
**December 31, 2010**

None

See Independent Auditor's Report



**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**

L. Rainey Gray  
1<sup>st</sup> BridgeHouse Securities, LLC  
Franklin, Tennessee

In planning and performing our audit of the financial statements and supplemental schedules of 1<sup>st</sup> BridgeHouse Securities, LLC (the Company) as of and for the year ended December 31, 2010 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 compliance with 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

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Suite 202  
P.O. Box 150749  
Nashville, Tennessee 37215

Phone 615.385.0686  
Fax 615.463.0586  
www.pricecpas.com

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

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 deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented or detected and corrected on a timely basis.

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 previously.

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, 2010, 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 Regulation 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  
March 16, 2011



**1<sup>st</sup> BRIDGEHOUSE**  
SECURITIES, LLC

**Required SIPC Supplemental Report  
December 31, 2010**

## Table of Contents

Independent Accountant's Report on Applying Agreed Upon Procedures Related to an Entity's General Assessment Reconciliation.....	1
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**Independent Accountant's Report on Applying Agreed Upon  
Procedures Related to an Entity's General Assessment Reconciliation**

To the Members of  
1st Bridgehouse Securities, LLC

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for period from January 1, 2010 to December 31, 2010, which were agreed to by 1st Bridgehouse Securities, LLC (the "Company") and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Company's management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2010, as applicable, with the amounts reported on Form SIPC-7 for the year ended December 31, 2010, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

  
Price CPAs, PLLC

March 16, 2011

3825 Bedford Avenue  
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**1<sup>st</sup> BRIDGEHOUSE**  
SECURITIES, LLC

**Financial Statements**  
**December 31, 2010**

## Table of Contents

Facing Page – Form X-17A-5, Part III .....	1-2
Independent Auditor’s Report .....	3
Financial Statements:	
Statement of Financial Condition .....	4
Statement of Operations .....	5
Statement of Changes in Members’ Equity .....	6
Statement of Cash Flows .....	7
Notes to Financial Statements .....	8-9
Supplemental Schedules:	
Computation of Net Capital Under Rule 15c3-1 .....	10
Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3 .....	11
Information Relating to the Possession or Control Requirements Under Rule 15c3-3 .....	12
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 .....	13
Material Inadequacies Found to Exist or Found to Have Existed Since the Date of the Previous Audit .....	14
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 .....	15-16