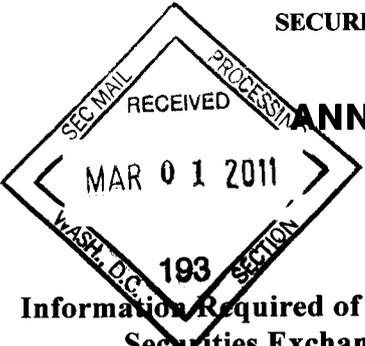


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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: April 30, 2013  
Estimated average burden  
hours per response... 12.00



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

SEC FILE NUMBER  
8-62371

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: Union Square Advisors LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

Two Embarcadero Center, Suite 1330

(No. and Street)

San Francisco

CA

94111

(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\*

Armanino McKenna LLP

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

12667 Alcosta Blvd. Suite 500 San Ramon

CA

94583

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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



11019900

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)

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**OATH OR AFFIRMATION**

I, \_\_\_\_\_, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of \_\_\_\_\_, as of \_\_\_\_\_, 20\_\_\_\_, 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:



Notary Public

*Edward R. Smith*

Signature

*President*

Title

**JURAT**

State of California  
County of San Francisco

Subscribed and sworn to (or affirmed) before me on this 25th day of February, 2011 by EDWARD RICH SMITH

proved to me or the basis of satisfactory evidence to be the person(s) who appeared before me.

Notary Signature *Antonio Locatelli*

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).

**UNION SQUARE ADVISORS LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2010**

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**ARMANINO MCKENNA LLP**  
Certified Public Accountants & Consultants

12667 Alcosta Blvd., Suite 500  
San Ramon, CA 94583-4427  
ph: 925.790.2600  
fx: 925.790.2601  
www.amlp.com

INDEPENDENT AUDITORS' REPORT

To the Member of  
Union Square Advisors LLC  
San Francisco, California

We have audited the accompanying statement of financial condition of Union Square Advisors LLC as of December 31, 2010. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement referred to above presents fairly, in all material respects, the financial position of Union Square Advisors LLC at December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

*ARMANINO MCKENNA LLP*  
ARMANINO MCKENNA LLP

San Jose, California  
February 25, 2011



UNION SQUARE ADVISORS LLC  
Statement of Financial Condition  
December 31, 2010

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ASSETS

Assets	
Cash and cash equivalents	\$ 714,033
Accounts receivable	40,000
Other receivables, net	253,703
Prepaid expenses	69,656
Restricted cash	84,271
Property and equipment, net	458,967
Intangibles, net	<u>5,600</u>
 Total assets	 <u>\$ 1,626,230</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities	
Accounts payable	\$ 51,184
Accrued expenses	197,660
Deferred rent	<u>302,781</u>
Total liabilities	551,625
 Member's equity	 <u>1,074,605</u>
 Total liabilities and member's equity	 <u>\$ 1,626,230</u>

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

UNION SQUARE ADVISORS LLC  
Notes to Financial Statement  
December 31, 2010

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1. Nature of Business and Summary of Accounting Policies

Nature of business

Union Square Advisors LLC (the "Company") was formed as a Delaware limited liability company on June 15, 2006 originally as Seaclyff Group, LLC and subsequently changed its name to Union Square Advisors LLC. The Company is a licensed FINRA broker/dealer in California and New York with offices in San Francisco and New York.

The Company provides customized strategic mergers and acquisitions and private placement advice to technology growth companies.

Revenue recognition

Commissions and retainer fees are recognized as earned when all the services are preformed according to terms of the contracts. Interest on receivables is recognized in the period due. Management's estimates for any doubtful accounts are shown as reductions from revenue on the statement of operations.

Other receivables

Other receivables consist of out-of-pocket client expenses. Receivables are periodically evaluated for collectability based on past credit history with clients. The allowance for doubtful accounts as of December 31, 2010 totaled \$12,610.

Cash and cash equivalents

The Company classifies highly liquid investments with original maturities of three months or less as cash and cash equivalents. Cash and cash equivalents are held in major financial institutions. Periodically, such balances may be in excess of federally insured limits.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in other income. Depreciation of furniture, equipment, computer hardware and software is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 7 years. Amortization of leasehold improvements is computed using the straight-line method over the lesser of the estimated useful life of the asset or the term of the lease.

UNION SQUARE ADVISORS LLC  
Notes to Financial Statement  
December 31, 2010

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1. Nature of Business and Summary of Accounting Policies (continued)

Intangible assets

Intangible assets, which consist of domain names, are stated at cost and amortized over their estimated useful lives using the straight-line method.

Long-lived assets

The Company reviews long-lived assets held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets. There were no impairments as of December 31, 2010.

Income taxes

The Company is a limited liability company for federal and state income tax purposes. Under the laws pertaining to income taxation of limited liability companies, no federal income tax is paid by the Company. The income or loss of the Company is taxed to the member in its respective return. LLC fees levied at the state level are immaterial and are not separately stated in the financial statements. The Company has evaluated its current tax positions and has concluded that as of December 31, 2010, the Company does not have any significant uncertain tax positions for which a reserve would be necessary.

Deferred rent

The Company computes rent expense on a straight-line basis for operating leases that contain certain provisions for scheduled rent increases over the lease term. The difference between rent expense and rent payments over the lease term is recorded as a deferred rent liability.

UNION SQUARE ADVISORS LLC  
Notes to Financial Statement  
December 31, 2010

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1. Nature of Business and Summary of Accounting Policies (continued)

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Company's own data.

The Company had no assets or liabilities at December 31, 2010 that required a fair value measurement.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Subsequent events

The Company has evaluated subsequent events through February 25, 2011, the date the financial statements were available to be issued.

UNION SQUARE ADVISORS LLC  
Notes to Financial Statement  
December 31, 2010

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2. Property and Equipment

Property and equipment consists of the following at December 31, 2010:

Computers and equipment	\$271,261
Furniture and fixtures	48,214
Software	25,693
Leasehold improvements	<u>556,947</u>
Less accumulated depreciation	<u>(443,148)</u>
	<u>\$458,967</u>

3. Intangible Assets

Intangible assets consist of the following at December 31, 2010:

Registered domain name	\$7,000
Less accumulated amortization	<u>(1,400)</u>
	<u>\$5,600</u>

4. Commitments and Contingencies

Leases

The Company leases office space in San Francisco and New York under non-cancelable operating leases, which expire on October 30, 2013 and December 31, 2017, respectively. Additionally, the Company leases certain office equipment under a non-cancelable operating lease that expires on July 31, 2011.

Future minimum payments under non-cancelable operating leases are as follows:

Year Ending December 31:

2011	\$ 751,836
2012	748,719
2013	759,859
2014	499,752
2015	499,752
Thereafter	<u>999,504</u>
	<u>\$4,259,422</u>

UNION SQUARE ADVISORS LLC  
Notes to Financial Statement  
December 31, 2010

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4. Commitments and Contingencies (continued)

Letters of credit

At December 31, 2010, the Company has letters of credit in the favor of the New York and the San Francisco office landlords. The New York office letter of credit is in the amount of \$485,555 and expires February 15, 2018. The San Francisco office letter of credit is in the amount of \$80,000 and expires January 31, 2014.