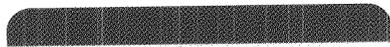


UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549



12014166

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

OMB APPROVAL	
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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 01/01/2011 AND ENDING 12/31/2011
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Monarch Bay Associates, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

30950 Rancho Viejo Rd., #120

(No. and Street)

San Juan Capistrano

CA

92675

(City)

(State)

(Zip Code)

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

Kieth Moore

949-373-7281

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Elizabeth Tractenberg, CPA

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

3832 Shannon Road,

Los Angeles

CA

90027

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

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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OATH OR AFFIRMATION

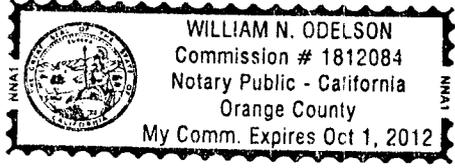
I, Keith Moore, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Monarch Bay Associates, LLC, as of December 31, 2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None

Signature

PRINCIPAL Title

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).

Monarch Bay Associates, LLC
Report Pursuant to Rule 17a-5 (d)
Financial Statements
For the Year Ended December 31, 2011

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Elizabeth Tractenberg, CPA

3832 SHANNON ROAD
LOS ANGELES, CALIFORNIA 90027
323/669-0545 – Fax 323/669-0575
elizabeth@tractenberg.net

Independent Auditor's Report

Members
Monarch Bay Associates, LLC
San Juan Capistrano, CA 92675

I have audited the accompanying statement of financial condition of Monarch Bay Associates, LLC (the Company) as of December 31, 2011 and related statements of income (loss), changes in financial condition, and changes in members' equity for the year then ended. These financial statements are being filed pursuant to Rule 17a-5 of the Securities Exchange Act of 1934 and include the supplemental schedule of the net capital computation required by rule 15c3-1. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, such financial statements referred to above present fairly, in all material respects, the financial condition of the Company as of December 31, 2011 and the results of its income (loss), changes in financial condition and members' equity for the year then ended in conformity with accounting principles generally accepted in the United States.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, III and IV 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Elizabeth Tractenberg, CPA
Los Angeles, California
February 3, 2012

Monarch Bay Associates, LLC
Statement of Financial Condition
December 31, 2011

Assets

Cash	\$100,000
Clearing broker deposit	100,000
Accounts receivable	38,017
Prepaid expenses	13,279
Security deposits	1,171
Securities	<u>44</u>
 Total Assets	 <u>\$252,511</u>

Liabilities and Members' Equity

Liabilities	
Accounts payable and accrued expenses	\$ 36,854
Accrued commissions	21,103
Accrued interest	4,680
Due to broker	31,691
Subordinated loans	<u>100,000</u>
 Total Liabilities	 194,328
 Members' Equity	 <u>58,183</u>
 Total Liabilities and Members' Equity	 <u>\$252,511</u>

See Accompanying Notes to Financial Statements

Monarch Bay Associates, LLC
Statement of Income (Loss)
For the Year Ended December 31, 2011

Revenue

Private placement commissions	\$ 67,098
Trading revenue	223,052
Interest income	254
Unrealized gains (losses)	<u>(180)</u>
Total Revenues	<u>290,224</u>

Expenses

Commissions	110,165
Consulting	69,695
Clearing fees	78,105
Dues and subscriptions	9,736
Interest expense	7,991
Office expense and rent	47,294
Professional services	13,287
Regulatory fees	14,921
Repairs	3,944
Telephone	4,600
Travel	6,108
All other	<u>11,294</u>
Total Expenses	377,140
Income (Loss) Before Tax Provision	(86,916)
Income tax provision	<u>1,700</u>
Net Income (Loss)	<u><u>\$ (88,616)</u></u>

See Accompanying Notes to Financial Statements

Monarch Bay Associates, LLC
Statement of Changes in Members' Equity
For the Year Ended December 31, 2011

	<u>Total</u>
Balance, December 31, 2010	\$ 146,799
Capital contribution	-
Net Income (loss)	<u>(88,616)</u>
Balance, December 31, 2011	<u>\$ 58,183</u>

See Accompanying Notes to Financial Statements

Monarch Bay Associates, LLC
Statement of Changes in Financial Condition
For the Year Ended December 31, 2011

Cash Flows from Operating Activities:	
Net income (loss)	\$ (88,616)
Unrealized gains (losses)	180
Changes in operating assets and liabilities:	
Accounts receivable	(31,352)
Prepaid expenses	(13,279)
Accrued expenses	25,564
Accrued commissions	21,103
Accrued interest	4,680
Due to broker	<u>31,691</u>
Net cash used in operating activities	<u>(50,029)</u>
Cash Flows for Investing Activities:	-
Cash Flows for Financing Activities:	-
Net increase (decrease) in cash	(50,029)
Cash at beginning of year	<u>250,029</u>
Cash at end of year	<u>\$ 200,000</u>

SUPPLEMENTAL INFORMATION

Cash paid for interest	<u>\$ -</u>
Cash paid for Income taxes	<u>\$ 800</u>

See Accompanying Notes to Financial Statements

Monarch Bay Associates, LLC
Notes to Financial Statements
December 31, 2011

NOTE 1 - NATURE OF BUSINESS

Monarch Bay Associates, LLC (the "Company") was incorporated in the State of California in 2006 and is registered with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Agency ("FINRA") as a broker-dealer. The Company specializes in enhancing the value of emerging growth companies through capital raising, capital structuring, mergers and acquisitions, and expert strategic consulting. The Company's primary objective is to achieve superior returns for stakeholders of client companies.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - 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.

Cash and Cash Equivalents - The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments - Investments in securities are valued at market value.

Revenue Recognition – Investment banking fees are contingent on, and are recognized upon, the successful completion of a project. Investment banking fees are generated from services related to a limited number of transactions. Advisory fees are recognized when the work is performed, retainers are billed as indicated in the contract. Due to the nature of the Company's business, the size of any one transaction may be significant to the Company's operations for the period.

Income taxes – Income taxes are provided based on earnings reported for financial statement purposes. In accordance with FASB ASC 740, the asset and liability method requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between tax basis and financial reporting basis of assets and liabilities.

Monarch Bay Associates, LLC
Notes to Financial Statements
December 31, 2011

NOTE 3 – INCOME TAXES

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable by or provided by the Company. Members are taxed individually on their shares of the Company's earnings. The Company's net income or loss is allocated among the members in accordance with the operating agreement of the Company. The State of California requires limited liability companies to pay a minimum \$800 tax plus a fee based on gross revenue. The accompanying financial statements include an \$800 minimum tax plus a \$900 fee.

NOTE 4 – CLEARING BROKER DEPOSIT

The Company has an agreement with a clearing broker which requires a minimum deposit of \$100,000.

NOTE 5 – NOTES PAYABLE

Notes payable of \$100,000 consists of two \$50,000 notes payable due November 29, 2013 and December 21, 2012, respectively, interest and principal. Interest expense for the year ending December 31, 2011 was \$8,000 of which \$4,680 remains due at year end. The entire \$100,000 has been designated and approved by FINRA as a subordinated loan.

NOTE 6 - NET CAPITAL REQUIREMENT

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital (\$100,000), as defined under such provisions. See page 9 for the computation of net capital.

NOTE 7 – RELATED PARTY TRANSACTIONS

The Company is party to an expense sharing agreement with an affiliated entity effective April 13, 2010 and is party to an expense sharing agreement with a member of the Company effective December 1, 2010. The terms of these agreements provide that certain overhead expenses incurred are paid by the affiliate or member and are reimbursed by the Company. Overhead expenses, as defined by the agreement, shall include rent, utilities, telephone, computers, copiers, administrative support personnel office supplies and various other operating costs incurred in the ordinary course of the business. During the year ended December 31, 2011, total expenses allocated from the affiliate was \$24,465. In addition, the Company agreed as of April 1, 2011 to reimburse one of the members for office space and office expenses. Total paid to member during the year ending December 31, 2011 was \$19,306. Had the Company paid its own overhead expenses, without the benefit of the affiliated entity or member, the difference in the results would be immaterial. The Company earns a portion of its revenues from entities where the Members are officers or indirect owners. The total amount of such revenues for the year ended December 31, 2011 was \$25,700.

Monarch Bay Associates, LLC
Notes to Financial Statements
December 31, 2011

NOTE 8 – RECENTLY ISSUED ACCOUNTING STANDARDS

Recent accounting pronouncements – The Financial Accounting Standards Board (“FASB”) implemented the FASB Accounting Standards Codification (Codification) effective July 1, 2009. The Codification has become the source of authoritative Generally Accepted Accounting Principles (“GAAP”) recognized by FASB to be applied to nongovernmental entities. On the effective date of the Codification, the Codification superseded all then existing accounting and reporting standards. All other non-grand-fathered accounting literature not included in the FASB Codification has become non-authoritative. References to GAAP included in the FASB Codification are noted as Accounting Standards Codification (“ASC”).

Following the effective date of the Codification, FASB will not release new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Contracts, but instead will issue Accounting Standards Updates. Updates will not be considered authoritative in their own right, but will serve only to update the Codification, provide background information about the guidance in the Codification, and provide the basis for the changes in the Codification.

For the year ending December 31, 2011, various accounting pronouncements or interpretations by the FASB were either newly issued or had effective implementation dates that would require their provisions to be related in the financial statement for the year then ended. The Company has reviewed the following Statements of Financial Accounting Standards (“SFAS”)/ASC topics for the year to determine relevance to the Company’s operations.

The Company has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Company’s financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the Company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.

NOTE 9 – LITIGATION

The firm and certain members of the firm have been named in an alleged breach of contract. Management is confident that the breach did not take place and the case has no merit.

NOTE 10 – SUBSEQUENT EVENTS

Management has reviewed the results of operations for the period of time from its year end December 31, 2011 through February 3, 2012, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying combined financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Monarch Bay Associates, LLC
Schedule I - Computation of Net Capital
Requirements Pursuant to Rule 15c3-1
December 31, 2011

Computation of Net Capital	
Total ownership equity from statement of financial condition	\$ 58,183
Plus subordinated debt	100,000
Non allowable assets:	
Accounts receivable - non allowable portion	(1,399)
Prepaid expenses	(13,279)
Security deposit	(1,171)
Preferred stock	<u>(44)</u>
 Net Capital	 <u>\$ 142,290</u>
 Computation of Net Capital Requirements	
Minimum net aggregate indebtedness - 6-2/3% of net aggregate indebtedness	 <u>\$ 12,955</u>
 Minimum dollar net capital required	 <u>\$ 100,000</u>
 Net Capital required (greater of above amounts)	 <u>\$ 100,000</u>
Excess Capital	<u>\$ 42,290</u>
 Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)	 <u>\$ 122,558</u>
 Computation of Aggregate Indebtedness	
Total liabilities net of deferred income taxes payable and deferred income	 <u>\$ 194,328</u>
 Aggregate indebtedness to net capital	 1.37 to 1
 The following is a reconciliation of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 179-5(d)(4):	
Net Capital Per Company's Computation	\$ 144,586
Non allowable portion of accounts receivable	(1,399)
Increase in accrued expenses	(900)
Rounding	<u>3</u>
Net Capital Per Audited Report	<u>\$ 142,290</u>

See Accompanying Notes to Financial Statements

Monarch Bay Associates, LLC
Schedule II – Statement of Liabilities
Subordinated to Claims of Creditors
December 31, 2011

	Balance Dec. 31, 2010	Additions	Balance Dec. 31, 2011
Robert Leppo 8% interest, payable with the principal, both due November 28, 2013.	\$ 50,000	\$ -	\$ 50,000
Doug Brackin 8% interest, payable monthly principal due December 21, 2012.	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>

See Accompanying Notes to Financial Statements

Monarch Bay Associates, LLC
Schedule III – Computation for Determination of Reserve
Requirements Pursuant to Rule 15c3-3
As of December 31, 2011

A computation of reserve requirement is not applicable to Monarch Bay Associates, LLC as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (ii).

Monarch Bay Associates, LLC
Schedule IV – Information Relating to Possession or Control
Requirements under Rule 15c3-3
As of December 31, 2011

Information relating to possession or control requirements is not applicable to Monarch Bay Associates, LLC as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (ii).

Elizabeth Tractenberg, CPA
3832 SHANNON ROAD
LOS ANGELES, CALIFORNIA 90027
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elizabeth@tractenberg.net

Part II

**Report on Internal Control Required by SEC Rule 17a-5(g) (1) for a
Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3**

Members

Monarch Bay Associates, LLC
San Juan Capistrano, CA 92675

In planning and performing my audit of the financial statements of Monarch Bay Associates, LLC (the Company), as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, I considered the Company's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, I do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g) (1) of the Securities and Exchange Commission (SEC), I have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that I 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, I 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 and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of 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 previously 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.

Members

Monarch Bay Associates, LLC
San Juan Capistrano, CA 92675

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 deficiency, or a 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.

My 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. I did not identify any deficiencies in internal control and control activities for safeguarding securities that I consider to be material weaknesses, as defined previously.

I 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 my study, I believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2011 to meet the SEC's objectives.

This report is intended solely for the information and use of the Members, management, the SEC, and FINRA, 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.



Elizabeth Tractenberg, CPA
Los Angeles, California
February 3, 2012

Elizabeth Tractenberg, CPA
3832 SHANNON ROAD
LOS ANGELES, CALIFORNIA 90027
323/669-0545 – Fax 323/669-0575
elizabeth@tractenberg.net

PART III
SIPC Supplemental Report Pursuant to SEC Rule 17a-5(e) (4)

Members

Monarch Bay Associates, LLC
San Juan Capistrano, CA 92675

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, I have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2011, which were agreed to by Monarch Bay Associates, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, and SIPC, solely to assist you and the other specified parties in evaluating Monarch Bay Associates, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7).

Monarch Bay Associates, LLC's management is responsible for the Monarch Bay Associates, LLC'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, I 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 I performed and my findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with the total SIPC fee payable at December 31, 2011 noting no differences.
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2011, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2011 noting no differences.
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers. Noted no adjustments.
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers as noted in section 2 above noting no differences.
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no overpayment.

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

Members
Monarch Bay Associates, LLC
San Juan Capistrano, CA 92675

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.

A handwritten signature in black ink that reads "Elizabeth Tractenberg". The signature is written in a cursive style with a large, looping initial "E".

Elizabeth Tractenberg, CPA
Los Angeles, California
February 3, 2012