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SECURITIES AND EXCHANGE COMMISSION

SECURITIES 12062318  
Washington, D.C. 20549

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

DIVISION OF TRADING & MARKETS

SEC FILE NUMBER  
8- 67541

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 1/1/10 AND ENDING 12/31/10  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Sunstreet Securities LLC

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

OFFICIAL USE ONLY  
FIRM I.D. NO.

(No. and Street)

(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\*

T. M. Varan, Askelson & Co.

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

(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)

Handwritten initials/signature

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## INDEPENDENT AUDITORS' REPORT

To the Members  
Sunstreet Securities, LLC  
Phoenix, Arizona

We have audited the accompanying statement of financial condition of Sunstreet Securities, LLC (the Company) as of December 31, 2010, and the related statements of operations, changes in member's 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 the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Sunstreet Securities, LLC at 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 Schedules I, II, and III 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.

**Tarvaran Askelson & Company, LLP**

Laguna Niguel, California  
February 14, 2011



**SUNSTREET SECURITIES, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2010**

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**ASSETS**

Current assets:

Cash and cash equivalents	\$ 22,419
Accounts receivable	23,101
Deposits	10,224

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Total current assets 55,744

Property and equipment, net (Note 4) 1,197

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Total assets \$ 56,941

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Current liabilities:

Accounts payable \$ 19,178

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Total current liabilities 19,178

Commitments and contingent liabilities (Note 5) -

Members equity:

Member's capital	54,000
Distributions	(100,501)
Retained earning	84,264

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Total liabilities and member's equity \$ 56,941

See independent auditors' report and accompanying notes

**SUNSTREET SECURITIES, LLC**  
**STATEMENT OF OPERATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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Revenue:		
Commission revenue	\$	119,712
Fee income		62,505
Other income		37,112
Interest income		<u>3</u>
Total sales		<u>219,332</u>
General and administrative expenses:		
Regulatory fees		19,028
Commissions		146,384
Professional fees		2,400
Depreciation		265
Office expenses		2,230
Telephone and internet		3,224
Travel and business promotion		<u>783</u>
Total general and administrative expenses		<u>174,314</u>
Net income	\$	<u>45,018</u>

See independent auditors' report and accompanying notes

**SUNSTREET SECURITIES, LLC**  
**STATEMENT OF CHANGES IN MEMBER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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	<u>Member's Capital</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total Member's Equity</u>
Balance at December 30, 2009	\$ 54,000	\$ (68,900)	\$ 39,246	\$ 24,346
Distributions		(31,601)		(31,601)
Net income			45,018	45,018
Balance at December 31, 2010	<u>\$ 54,000</u>	<u>\$ (100,501)</u>	<u>\$ 84,264</u>	<u>\$ 37,763</u>

See independent auditors' report and accompanying notes

**SUNSTREET SECURITIES, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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Cash flows from operating activities:	
Net income	\$ 45,018
Adjustments to reconcile income to net cash provided by operating activities:	265
Depreciation expense	
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	(17,239)
Accounts receivable	(9,786)
Deposit	
Increase (decrease) in liabilities:	13,071
Accounts payable	
	<hr/>
Net cash used by operating activities	<hr/> 31,329 <hr/>
Cash flows from investing activities:	
Purchase of property and equipment	(446)
	<hr/>
Net cash used by investing activities	<hr/> (446) <hr/>
Cash flows from financing activities:	
Distribution to member	(31,601)
	<hr/>
Net cash used by financing activities	<hr/> (31,601) <hr/>
Net change in cash	(718)
Cash, beginning of the year	<hr/> 23,137 <hr/>
Cash, end of the year	<hr/> <u>\$ 22,419</u> <hr/>

See independent auditors' report and accompanying notes

**SUNSTREET SECURITIES, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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**1. ORGANIZATION**

Sunstreet Securities, LLC (the Company), was registered under the laws of the state of Arizona in January 2006. The Company is a registered broker-dealer licensed by the United States Securities and Exchange Commission ("SEC") and is a member of the National Association of Securities Dealers (NASD), the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). The Company provides broker-dealer services to institutional and retail customers as a introducing broker dealer transacting securities on a fully disclosed basis. The Company is located in Phoenix, Arizona and provides services to customers throughout the United States.

The Company, like other securities firms, is directly affected by general economic market conditions including fluctuations in volume and price levels of securities, changes in interest rates and demand for investment banking, securities brokerage and other services, all of which have an impact on the Company statement of financial condition as well as its liquidity.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

The preparation of financial statements is in conformity 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.

**Securities Transactions**

Customer commission income and related commission and clearing expenses are recorded on a trade date basis. Securities transactions of the Company and commission income and expense are recorded on an accrual basis. Securities owned are valued at market value.



**SUNSTREET SECURITIES, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Impairment of Long-Lived Assets**

In accordance with Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* ("SFAS No. 144"), the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The Company assesses the recoverability of the long-lived and intangible assets by comparing the carrying amount to the estimated future undiscounted cash flow associated with the related assets. There were no impairments during the year ended December 31, 2010.

**Property and Equipment**

Furniture and equipment are stated at cost less accumulated depreciation. Additions, renovations, and improvements are capitalized. Maintenance and repairs which do not extend asset lives are expensed as incurred. Depreciation is provided using straight-line over the estimated useful lives of the assets (generally 3 to 7 years).

**Income Taxes**

On January 2006, the Company elected to be taxed as a single member LLC. All income and expense is passed through the Company, which is treated as an individual for tax purposes and reported on the income tax return of the individual member. Accordingly, the financial statements include no provision or liability for income taxes.

**Cash and Cash Equivalents**

For purpose of the statement of cash flows, cash equivalents represent all highly liquid debt instruments purchased with maturities of three months or less.

**Concentration of Credit Risk**

The Company maintains cash balances and deposits with financial institutions. Management performs periodic evaluations of the relative credit standing of these institutions. The Company has not sustained any material credit losses from these instruments.

**SUNSTREET SECURITIES, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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**Fair Value of Financial Instruments**

Substantially all of the Company's financial instruments are carried at fair value. Receivables and payables are carried at cost or cost plus accrued interest, which approximate fair value.

In accordance with Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* ("SFAS No. 142"), goodwill is defined as the excess of the purchase price over the fair value assigned to individual assets acquired and liabilities assumed and is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis in the Company's fourth fiscal quarter or more frequently if indicators of impairment exist. The performance of the test involves a two-step process. The first step of the impairment test involves comparing the fair value of the Company's reporting units with each respective reporting unit's carrying amount, including goodwill. The fair value of reporting units is generally determined using the income approach. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, the second step of the goodwill impairment test is performed to determine the amount of any impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. In accordance with SFAS No. 142, no amortization is recorded for goodwill with indefinite useful life. The company had no impairment loss during the year ended December 31, 2010

**3. LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS**

The Company had no borrowings under subordination agreements at December 31, 2010.

**4. FURNITURE AND EQUIPMENT**

Office Furniture and equipment	\$ 1,698
	<hr/> 1,698
Less: Accumulated depreciation	(501)
	<hr/>
At December 31, 2010:	<u>\$ 1,197</u>

**SUNSTREET SECURITIES, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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**5. COMMITMENTS AND CONTINGENT LIABILITIES**

**Settlement of Securities Transactions**

The Company is obligated to settle transactions with brokers and other financial institutions even if its customers fail to meet their obligations to the Company. Customers are required to complete their transactions on the settlement date, generally three business days after trade date. If customers do not fulfill their contractual obligations, the Company may incur losses. The Company has established procedures to reduce this risk by requiring deposits from customers for certain types of trades.

**Leases**

The Company does not maintain any lease commitments as of December 31, 2010.

**Risk Deposit**

On May 27, 2010 the Company entered into a Disclosed Clearing Agreement with Mesirow Financial, Inc. Beginning July 2010, the Company was required to place a risk deposit of \$10,000 with Mesirow Financial Inc. consistent the terms of the Agreement. Furthermore the Company is required to increase the risk deposit by \$1,000 each month beginning August 2011 through October 2012 until the deposit reaches \$25,000 which is the maximum deposit amount required based on the terms of the Agreement. As of December 31, 2010 the Company had a risk deposit balance of \$10,000 with Mesirow Financial, Inc.

**6. CONCENTRATION OF CREDIT RISK**

The Company is engaged in various trading and brokerage activities. Counterparties to these activities primarily include broker/dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

Cash deposits with banks potentially subject the Company to concentrations of credit risk. The Company places its cash deposits with quality financial institutions and generally, by policy, limits the amount of credit exposure in any one financial institution to the amount of Federal Deposit Insurance Corporation (FDIC) coverage of \$250,000. At December 31, 2010, the Company had no cash deposits in excess of the FDIC coverage.

**SUNSTREET SECURITIES, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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**7. NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital. At December 31, 2010, the Company had net capital of \$36,342, which was \$31,342 in excess of its required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital was 52.77%.

**8. RESERVE REQUIREMENTS FOR BROKERS OR DEALERS**

The Company is exempt from the provisions of Rule 15c3-3 (pursuant to paragraph (k)(2)(ii) of such rule) of the Securities Exchange Act of 1934 as an introducing broker or dealer that carries no customer accounts, promptly transmits all customer funds and delivers all customer securities received to the clearing broker, and does not otherwise hold funds or securities of customers or dealers. Because of such exemption, the Company is not required to prepare a determination of reserve requirement for brokers or dealers.

**9. SIPC - NET OPERATING REVENUE AND GENERAL ASSESSMENT**

The Company is subject to the Securities and Exchange Commission's determination of SIPC net operating revenues and general assessment. At December 31, 2010, the Company had SIPC net operating revenue \$219,332 with a general assessment of \$164. The Company plans to pay the assessment timely.

**SUNSTREET SECURITIES, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**SUPPLEMENTAL SCHEDULES**

**SUNSTREET SECURITIES, LLC**  
**SCHEDULE I**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF**  
**THE SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2010**

	Audited Financial Statements	Focus X-17A-5 Part IIA	Difference
Net capital: Total stockholders equity	\$ 37,763	37,763	\$ -
Deductions:			
Non-allowable assets:			
Cash in CRD account	\$ 224		
Property and equipment	1,197	1,421	-
	<u>36,342</u>	<u>36,342</u>	<u>-</u>
Net capital before haircuts on securities positions	36,342	36,342	-
Less: Haircuts on securities	-	-	-
Net capital (A)	\$ <u>36,342</u>	<u>36,342</u>	\$ <u>-</u>
Total aggregate indebtedness (B)	\$ <u>19,178</u>	<u>19,178</u>	\$ <u>-</u>
Minimum net capital required (\$5,000 or 6-2/3% indebtedness)	\$ <u>5,000</u>	<u>5,000</u>	\$ <u>-</u>
Excess net capital	\$ <u>31,342</u>	<u>31,342</u>	\$ <u>-</u>
Ratio of aggregate indebtedness to net capital (b) / (a)	<u>52.77</u>	<u>52.77</u>	

**SUNSTREET SECURITIES, LLC**  
**SCHEDULE II**  
**COMPUTATION FOR DETERMINATION OF**  
**RESERVE REQUIREMENTS UNDER RULE 15c3-3 OF**  
**THE SECURITIES AND EXCHANGE COMMISSION**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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The Company is claiming an exception from Rule 15c3-3 under provision 15c3-3(k)(2)(ii).

**SUNSTREET SECURITIES, LLC**  
**SCHEDULE III**  
**INFORMATION RELATING TO POSSESSION OR CONTROL**  
**REQUIREMENTS UNDER RULE 15c3-3 OF**  
**THE SECURITIES AND EXCHANGE COMMISSION**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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The Company is claiming an exception from Rule 15c3-3 under provision 15c3-3(k)(2)(ii).



**SUNSTREET SECURITIES, LLC  
SCHEDULE IV  
SCHEDULE OF SEGREGATION REQUIREMENTS AND  
FUNDS IN SEGREGATION FOR CUSTOMERS'  
REGULATED COMMODITY FUTURES AND OPTIONS ACCOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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Not Applicable

**SUNSTREET SECURITIES, LLC**  
**DETERMINATION OF SIPC NET OPERATING REVENUE AND GENERAL ASSESSMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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Total revenue	\$	219,332
Additions:		-
Total revenue		<u>219,332</u>
Deductions:		
Revenue from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products		110,749
Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions		5,984
Other revenue not related either directly or indirectly to the securities business		37,114
Total deductions		<u>153,847</u>
SIPC net operating revenue		<u>65,485</u>
General assessment		
	\$	<u>164</u>

See independent auditors' report and accompanying notes



## **Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5**

To the Members  
Sunstreet Securities, LLC  
Phoenix, Arizona

In planning and performing our audit of the financial statements and supplemental schedules of Sunstreet Securities, LLC (the Company), for the year ended December 31, 2010, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including 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 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 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 accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.



# TARVARAN, ASKELSON & COMPANY<sup>®</sup>

CERTIFIED PUBLIC ACCOUNTANTS

Because of inherent limitations in 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.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including 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 were adequate at December 31, 2010, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, 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.

**Tarvaran Askelson & Company, LLP**

*TARVARAN ASKELSON & COMPANY*

Laguna Niguel, California  
February 14, 2011

