



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

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

MAR 18 2008

SEC FILE NUMBER  
8-39420

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 01/01/07 AND ENDING 12/31/07  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Bornhoft Group Securities Corporation

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

1660 Lincoln Street, Suite 100

(No. and Street)

Denver

CO

80264

(City)

(State)

(Zip Code)

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

Richard E. Bornhoft

(303) 572-1000

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Spicer Jeffries LLP

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

5251 S Quebec St, Suite 200

Greenwood Village

CO

80111

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

APR 03 2008

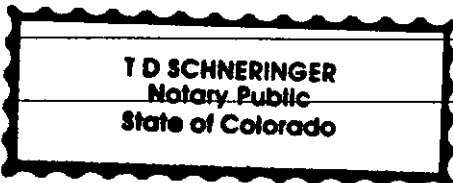
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FINANCIAL

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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, Richard E. Bornhoft, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Bornhoft Group Securities Corporation, as of December 31, 20 07, 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:



MY COMMISSION EXPIRES  
5/14/2011

Signature

President

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 (including reconciliation of X-17A-5 Part II filing with this Rule 17a-5(d) report, if applicable.)
- ☐ (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 15c3-3 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.
- ☒ (o) Independent Auditors' Report on Internal Accounting Control

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

**BORNHOFT GROUP SECURITIES  
CORPORATION**

**REPORT PURSUANT TO RULE 17a-5(d)**

**YEAR ENDED DECEMBER 31, 2007**

**BORNHOFT GROUP SECURITIES CORPORATION**  
**CONTENTS**

|                                                                                                                                                    | <u>Page</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Independent Auditors' Report                                                                                                                       | 3           |
| Statement of Financial Condition                                                                                                                   | 4           |
| Statement of Operations                                                                                                                            | 5           |
| Statement of Changes in Shareholder's Equity                                                                                                       | 6           |
| Statement of Cash Flows                                                                                                                            | 7           |
| Notes to Financial Statements                                                                                                                      | 8-9         |
| Supplementary Schedule:                                                                                                                            |             |
| Computation of Net Capital Pursuant to Net Capital Rule 15c3-1<br>included in the Company's Corresponding Unaudited Form<br>X-17A-5 Part II Filing | 10          |
| Independent Auditors' Report on Internal Accounting Control<br>Required by SEC Rule 17a-5                                                          | 11-12       |



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## INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
Bornhoft Group Securities Corporation

We have audited the accompanying statement of financial condition of Bornhoft Group Securities Corporation as of December 31, 2007, and the related statements of operations, changes in shareholder's equity and cash flows for the year then ended. 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 Bornhoft Group Securities Corporation as of December 31, 2007, 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 made for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in the supplemental schedule listed in the accompanying index is presented for purposes of additional analysis and is not required for a fair presentation of the financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Spicer Jeffries LLP*

Greenwood Village, Colorado  
February 21, 2008



**BORNHOFT GROUP SECURITIES CORPORATION**

**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2007**

**ASSETS**

|                                     |                         |
|-------------------------------------|-------------------------|
| Cash                                | \$ 21,439               |
| Commissions and accounts receivable | 3,033                   |
| Prepaid expenses                    | 540                     |
| Other assets                        | <u>107</u>              |
|                                     | <b><u>\$ 25,119</u></b> |

**LIABILITIES AND SHAREHOLDER'S EQUITY**

**LIABILITIES:**

|                     |            |
|---------------------|------------|
| Commissions payable | \$ 8,353   |
| Accounts payable    | <u>328</u> |

***Total liabilities*** 8,681

**CONTINGENCIES (Note 4)**

**SHAREHOLDER'S EQUITY (Note 2):**

|                                                                                    |                  |
|------------------------------------------------------------------------------------|------------------|
| Common stock, no par value; 1,000,000 shares authorized,<br>issued and outstanding | 6,000            |
| Additional paid-in capital                                                         | 165,339          |
| Deficit                                                                            | <u>(154,901)</u> |

***Total shareholder's equity*** 16,438

**\$ 25,119**

The accompanying notes are an integral part of this statement.

**BORNHOFT GROUP SECURITIES CORPORATION**

**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2007**

**REVENUE:**

|                                  |               |
|----------------------------------|---------------|
| Concession and commission income | \$ 39,561     |
| Other Income                     | <u>35,000</u> |

*Total revenue* 74,561

**EXPENSES:**

|                              |            |
|------------------------------|------------|
| Commissions                  | 30,643     |
| Consulting fees              | 13,515     |
| Licensing                    | 5,900      |
| Occupancy (Note 3)           | 4,656      |
| Professional fees            | 2,000      |
| General and administrative   | 1,120      |
| Regulatory fees and expenses | 718        |
| Bonds and assessments        | <u>710</u> |

*Total expenses* 59,262

**NET INCOME** **\$ 15,299**

The accompanying notes are an integral part of this statement.

**BORNHOFT GROUP SECURITIES CORPORATION****STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**  
**YEAR ENDED DECEMBER 31, 2007**

|                                    | <u>Common<br/>Stock</u> | <u>Additional<br/>Paid-In<br/>Capital</u> | <u>Deficit</u>      | <u>Total<br/>Shareholder's<br/>Equity</u> |
|------------------------------------|-------------------------|-------------------------------------------|---------------------|-------------------------------------------|
| <b>BALANCES, December 31, 2006</b> | \$ 6,000                | \$ 163,540                                | \$ (154,901)        | \$ 14,639                                 |
| Capital contributed                | -                       | 21,500                                    | -                   | 21,500                                    |
| Net income                         | -                       | -                                         | 15,299              | 15,299                                    |
| Dividends paid                     | <u>-</u>                | <u>(19,701)</u>                           | <u>(15,299)</u>     | <u>(35,000)</u>                           |
| <b>BALANCES, December 31, 2007</b> | <u>\$ 6,000</u>         | <u>\$ 165,339</u>                         | <u>\$ (154,901)</u> | <u>\$ 16,438</u>                          |

The accompanying notes are an integral part of this statement.

**BORNHOFT GROUP SECURITIES CORPORATION**

**STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2007  
INCREASE (DECREASE) IN CASH**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

|                                                                                   |               |
|-----------------------------------------------------------------------------------|---------------|
| Net income                                                                        | \$ 15,299     |
| Adjustments to reconcile net income to net cash provided by operating activities: |               |
| Increase in commissions and accounts receivable                                   | (3,033)       |
| Decrease in prepaid expenses                                                      | 5,935         |
| Increase in other assets                                                          | (7)           |
| Increase in accounts payable                                                      | <u>8,548</u>  |
| <i>Net cash provided by operating activities</i>                                  | <u>26,742</u> |

**CASH FLOWS FROM FINANCING ACTIVITIES:**

|                                              |                 |
|----------------------------------------------|-----------------|
| Capital contributed                          | 21,500          |
| Distributions                                | <u>(35,000)</u> |
| <i>Net cash used in financing activities</i> | <u>(13,500)</u> |

**NET INCREASE IN CASH** 13,242

**CASH, at beginning of year** 8,197

**CASH, at end of year** \$ 21,439

# **BORNHOFT GROUP SECURITIES CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Nature of Business**

Bornhoft Group Securities Corporation (the "Company") is a Colorado corporation formed on February 11, 1988. The Company conducts business as a broker-dealer in securities. The Company's operations consist of marketing limited partnership interests in private commodity pool and investment partnerships for which an entity affiliated with the Company, through common ownership, serves as the General Partner. In addition, the Company deals in mutual funds and insurance related products.

#### **Commissions**

The Company records commissions and related revenue and expenses on a trade date basis.

#### **Clearing Agreement**

The Company, under Rule 15c3-3(k)(2)(ii), is exempt from the reserve and possession or control requirements of Rule 15c3-3 of the Securities and Exchange Commission. The Company does not carry or clear customer accounts and does not handle any customer transactions.

#### **Estimates**

The preparation of financial statements 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.

#### **Income Taxes**

The Company, with the consent of its shareholder, has elected to be taxed under a section of the federal and state income tax laws, which provide that, in lieu of the corporation income taxes, the shareholder separately accounts for his pro rata share of the Company's items of income, deduction, losses and credits. Therefore, these statements do not include any provision (benefit) for corporation income taxes.

# **BORNHOFT GROUP SECURITIES CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

### ***NOTE 2 - NET CAPITAL REQUIREMENTS***

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. At December 31, 2007, the Company had net capital and net capital requirements of \$12,758 and \$5,000. The Company's net capital ratio (aggregate indebtedness to net capital) was .68 to 1. According to Rule 15c3-1, the Company's net capital ratio shall not exceed 15 to 1.

### ***NOTE 3 - RELATED PARTY TRANSACTIONS***

The shareholder of the Company also owns a controlling interest in The Bornhoft Group Corporation (TBG) which shares office space and administrative personnel with the Company. For the year ended December 31, 2007, the Company paid \$4,656 to TBG.

### ***NOTE 4 - FINANCIAL INSTRUMENTS AND OFF-BALANCE SHEET RISKS***

In the normal course of business, the Company's activities of marketing limited partnership interests in private commodity pool and investment partnerships expose the Company to off-balance sheet risk. In the event the purchasers of such partnership interests experience losses, claims may be made of the Company for any marketing misinformation.

The Company's financial instruments, including cash, commissions and accounts receivable, prepaid expenses, other assets and payables are carried at amounts that approximate fair value due to the short-term nature of those instruments.

**SUPPLEMENTARY INFORMATION**

**BORNHOFT GROUP SECURITIES CORPORATION**

**COMPUTATION OF NET CAPITAL  
PURSUANT TO NET CAPITAL RULE 15c3-1  
DECEMBER 31, 2007**

**CREDIT:**

|                      |           |
|----------------------|-----------|
| Shareholder's equity | \$ 16,438 |
|----------------------|-----------|

**DEBITS:**

Nonallowable assets:

|                                     |       |
|-------------------------------------|-------|
| Commissions and accounts receivable | 3,033 |
| Prepaid expenses                    | 540   |
| Other assets                        | 107   |

|                     |              |
|---------------------|--------------|
| <i>Total debits</i> | <u>3,680</u> |
|---------------------|--------------|

|                    |        |
|--------------------|--------|
| <b>NET CAPITAL</b> | 12,758 |
|--------------------|--------|

|                                                                                                         |              |
|---------------------------------------------------------------------------------------------------------|--------------|
| Minimum requirements of 6-2/3% of aggregate indebtedness of<br>\$8,682 or \$5,000, whichever is greater | <u>5,000</u> |
|---------------------------------------------------------------------------------------------------------|--------------|

|                           |                 |
|---------------------------|-----------------|
| <i>Excess net capital</i> | <u>\$ 7,758</u> |
|---------------------------|-----------------|

**AGGREGATE INDEBTEDNESS:**

|                     |            |
|---------------------|------------|
| Commissions payable | \$ 8,353   |
| Accounts payable    | <u>328</u> |

|                                     |                 |
|-------------------------------------|-----------------|
| <b>TOTAL AGGREGATE INDEBTEDNESS</b> | <u>\$ 8,681</u> |
|-------------------------------------|-----------------|

|                                                       |                 |
|-------------------------------------------------------|-----------------|
| <b>RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL</b> | <u>.68 to 1</u> |
|-------------------------------------------------------|-----------------|

NOTE: There are no material differences between the above computation of net capital and the corresponding computation as submitted by the Company with the unaudited Form X-17A-5 as of December 31, 2007.



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## **INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**

The Board of Directors of  
Bornhoft Group Securities Corporation

In planning and performing our audit of the financial statements and supplementary information of Bornhoft Group Securities Corporation for the year ended December 31, 2007, we considered its internal control structure, including procedures 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 the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Bornhoft Group Securities Corporation that we considered relevant to the objectives stated in Rule 17a-5(g), (i) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3; and (ii) for safeguarding the occasional receipt of securities and cash until promptly transmitted to the Company's clearing brokers. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or 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, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 internal control structure policies and procedures 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 Commission's above-mentioned objectives. Two of the objectives of an internal control structure 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 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.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors 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. This report recognizes that it is not practicable in an organization the size of Bornhoft Group Securities Corporation to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control and that alternatively greater reliance must be placed on surveillance by management.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure elements does not reduce to a relatively low level the risk that errors 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 the internal control structure, including procedures 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 Commission 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, 2007, to meet the Commission's objectives.

In addition, our review indicated that Bornhoft Group Securities Corporation was in compliance with the conditions of exemption from Rule 15c3-3 pursuant to paragraph k(2)(ii) as of December 31, 2007, and no facts came to our attention to indicate that such conditions had not been complied with during the year.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Association, Inc., 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.

Greenwood Village, Colorado  
February 21, 2008

*Spicer Jeffries LLP*

**END**