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

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

| SEC FILE NUMBER |
|-----------------|
| 8- 53006 |

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 01/01/2009 AND ENDING 12/31/2009
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **Veritrust Financial, LLC**
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
3755 South Capital of Texas Hwy, Suite 130
(No. and Street)
Austin, Texas 78704

| OFFICIAL USE ONLY |
|-------------------|
| FIRM I.D. NO. |

(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Edgar A. Brown (512) 448-0647
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Padgett, Stratemann & Co., L.L.P.

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

515 Congress Avenue, Suite 1212 Austin Texas 78701
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

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|-----------------------|--|
| | |

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

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Edgar A. Brown, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Veritrust Financial, LLC of December 31, 2009, 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:

Edgar A. Brown
Signature

President

Title

Cathy D Holloway
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).

Veritrust Financial, L.L.C.

**Financial Statements
With Supplemental Information
Pursuant to Rule 17a-5 of the
Securities and Exchange Commission
and
Independent Auditors' Report
December 31, 2009 and 2008**

**SEC
Mail Processing
Section**

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**Washington, DC
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Veritrust Financial, L.L.C.

Table of Contents

| | <u>Page</u> |
|--|-------------|
| Independent Auditors' Report | 1 |
| Financial Statements | |
| Statements of Financial Condition | 2 |
| Statements of Income (Loss) | 3 |
| Statements of Changes in Members' Equity | 4 |
| Statements of Cash Flows | 5 |
| Notes to Financial Statements | 6 |
| Supplemental Information | |
| Independent Auditor's Report on Supplemental Information Required by Rule 17a-5 of the Securities and Exchange Commission | 16 |
| Computation of Net Capital, Aggregate Indebtedness and Ratio of Aggregate Indebtedness to Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission | 17 |
| Computation for Determination of Reserve Requirements and Information Relating to Possession or Control Requirements Under Rule 15c3-3 of the Securities and Exchange Commission | 18 |
| Report on Internal Control Structure | |
| Independent Auditors' Report on Internal Control Structure Required by Securities and Exchange Commission Rule 17a-5 | 19 |

PS&Co.

Padgett Stratemann & Co. LLP

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Auditors' Report

Managers and Members of
Veritrust Financial, L.L.C.
Austin, Texas

We have audited the accompanying statements of financial condition of Veritrust Financial, L.L.C. (the "Company") as of December 31, 2009 and 2008, and the related statements of income (loss), changes in members' equity, and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 of 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial condition of the Company as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Padgett, Stratemann & Co., L.L.P.

Certified Public Accountants
February 19, 2010

AUSTIN • SAN ANTONIO

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Financial Statements

Veritrust Financial, L.L.C.

Statements of Financial Condition

December 31, 2009 and 2008

ASSETS

| | <u>2009</u> | <u>2008</u> |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents (including restricted amounts of \$100,000 for 2009 and \$25,000 for 2008) | \$ 406,922 | \$ 416,605 |
| Prepaid expenses | 22,353 | 24,491 |
| Receivable from clearing organizations | 445,572 | 433,621 |
| Fixed assets, net of accumulated depreciation | 9,203 | 10,451 |
| Intangibles, net of accumulated amortization | 393,574 | 762,610 |
| Other current assets | 5,635 | 75 |
| TOTAL ASSETS | <u>\$ 1,283,259</u> | <u>\$ 1,647,853</u> |

LIABILITIES AND MEMBERS' EQUITY

| | | |
|--|---------------------|---------------------|
| LIABILITIES | | |
| Accounts payable | \$ 30,230 | \$ - |
| Accrued expenses | 367,691 | 341,068 |
| Total Liabilities | <u>397,921</u> | <u>341,068</u> |
| MEMBERS' EQUITY | | |
| Members' contributed equity | 250,000 | 5,316,500 |
| Retained earnings (deficit) | 635,338 | (4,009,715) |
| Total Members' Equity | <u>885,338</u> | <u>1,306,785</u> |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | <u>\$ 1,283,259</u> | <u>\$ 1,647,853</u> |

Notes to financial statements form an integral part of these statements

Veritrust Financial, L.L.C.

Statements of Income (Loss)

Years Ended December 31, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|--|---------------------|------------------|
| REVENUE | | |
| Commission income | \$ 4,424,775 | \$ 5,833,554 |
| Service income | 63,920 | 25,640 |
| Other income | 1,560 | 9,271 |
| Total Revenue | <u>4,490,255</u> | <u>5,868,465</u> |
| EXPENSES | | |
| Commission expense | 3,494,861 | 4,686,891 |
| General and administrative | 167,258 | 175,595 |
| Salaries and related costs | 638,526 | 699,600 |
| Impairment loss | 315,280 | - |
| Licenses and permits | 60,348 | 76,478 |
| Consulting | 4,525 | 3,074 |
| Depreciation and amortization | 57,882 | 11,750 |
| Professional | 19,971 | 21,010 |
| Rent | 96,815 | 92,113 |
| Travel and entertainment | 18,345 | 13,258 |
| Total Expenses | <u>4,873,811</u> | <u>5,779,769</u> |
| Operating Income (Loss) | <u>(383,556)</u> | <u>88,696</u> |
| OTHER EXPENSE | | |
| Litigation settlements and related legal costs | 37,891 | 26,465 |
| Total Other Expense | <u>37,891</u> | <u>26,465</u> |
| NET INCOME (LOSS) | <u>\$ (421,447)</u> | <u>\$ 62,231</u> |

Notes to financial statements form an integral part of these statements

Veritrust Financial, L.L.C.

Statements of Changes in Members' Equity

Years Ended December 31, 2009 and 2008

| | Members' Contributed Equity | | | | VFS Interest | Total | Retained Earnings (Deficit) | Total |
|------------------------------|-----------------------------|--------------|--------------|------------|--------------|--------------|-----------------------------|--------------|
| | Class A | Class B | Class C | Total | | | | |
| Balance at December 31, 2007 | \$ 300,000 | \$ 3,000,000 | \$ 2,316,500 | \$ - | \$ - | \$ 5,616,500 | \$ (4,071,946) | \$ 1,544,554 |
| Capital distributions | - | (300,000) | - | - | - | (300,000) | - | (300,000) |
| Net income | - | - | - | - | - | - | 62,231 | 62,231 |
| Balance at December 31, 2008 | \$ 300,000 | \$ 2,700,000 | \$ 2,316,500 | \$ - | \$ - | \$ 5,316,500 | \$ (4,009,715) | \$ 1,306,785 |
| Change in control | (300,000) | (2,700,000) | (2,316,500) | 250,000 | 250,000 | (5,066,500) | 5,066,500 | - |
| Net loss | - | - | - | - | - | - | (421,447) | (421,447) |
| Balance at December 31, 2009 | \$ - | \$ - | \$ - | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 635,338 | \$ 885,338 |

Notes to financial statements form an integral part of these statements

Veritrust Financial, L.L.C.

Statements of Cash Flows

Years Ended December 31, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) | \$ (421,447) | \$ 62,231 |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Amortization expense | 54,757 | 5,354 |
| Depreciation expense | 3,125 | 6,396 |
| Impairment loss on intangible asset | 315,280 | - |
| Changes in operating assets and liabilities: | | |
| Prepaid expenses | 2,138 | 14,509 |
| Receivables | (11,951) | 177,028 |
| Other assets | (5,560) | 1,228 |
| Accounts payable | 30,230 | (50,187) |
| Accrued expenses | 26,623 | (196,226) |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | <u>(6,805)</u> | <u>20,333</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of equipment | (2,878) | (274,077) |
| Proceeds of matured certificate of deposit | - | 79,810 |
| NET CASH USED BY INVESTING ACTIVITIES | <u>(2,878)</u> | <u>(194,267)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Capital distributions | - | (300,000) |
| NET CASH USED BY FINANCING ACTIVITIES | <u>-</u> | <u>(300,000)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (9,683) | (473,934) |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>416,605</u> | <u>890,539</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 406,922</u> | <u>\$ 416,605</u> |

Notes to financial statements form an integral part of these statements

Notes to Financial Statements

Veritrust Financial, L.L.C.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Operations

Veritrust Financial, L.L.C. (the “Company”) is a broker-dealer in securities registered with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). The Company’s activities are regulated by the FINRA and Securities Exchange Act of 1934.

Effective September 30, 2009, the Company became a wholly owned subsidiary of VFS Financial Services, Inc.

Use of 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.

Recent Accounting Pronouncements

Codification of Accounting Standards

In June 2009, the Financial Accounting Standards Board (“FASB”) issued the Accounting Standards Codification (“ASC”), which establishes the ASC as the single source of authoritative accounting principles recognized by FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with Generally Accepted Accounting Principles (“GAAP”). Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The subsequent issuances of new standards will be in the form of Accounting Standards Updates that will be included in the codification. This guidance is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Company updated its historical GAAP references to comply with the codification effective at the beginning of its fiscal quarter ending October 31, 2009. The adoption of this guidance did not have a material effect on the Company’s financial condition, results of operations, or cash flows, since the codification is not intended to change GAAP.

Veritrust Financial, L.L.C.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

Accounting for Uncertainty in Income Taxes

The Financial Accounting Standards Board clarified the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in the *Income Taxes – Overall* topic of the ASC. The new provisions for accounting for the uncertainty in income taxes prescribe a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. They also provide guidance on derecognition of tax benefits, classification on the statement of financial condition, interest and penalties, accounting in interim periods, disclosure, and transition.

The new provisions of the topic relating to accounting for the uncertainty in income taxes provided for a deferral of the effective date of implementation for certain nonpublic enterprises to annual financial statements for fiscal years beginning after December 15, 2008. The Company elected this deferral and, accordingly, has adopted the new provisions of the topic relating to accounting for the uncertainty in income taxes as of January 1, 2009. The adoption of the new provisions for accounting for the uncertainty in income taxes did not have a material impact on its financial condition or results of operations.

Fair Value Measurements and Disclosures

The *Fair Value Measurements and Disclosures* topic of the ASC defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The *Fair Value Measurements and Disclosures* topic applies to all other ASC topics that require or permit fair value measurements and does not require any new fair value measurements. The provisions of the *Fair Value Measurements and Disclosures* topic for financial assets and liabilities were effective beginning January 1, 2008 and had no material impact on the Company's financial condition or results of operations. The provisions of the *Fair Value Measurements and Disclosures* topic for nonfinancial assets and nonfinancial liabilities were effective and adopted as of January 1, 2009 and had no material impact on the Company's financial condition or results of operations.

Veritrust Financial, L.L.C.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

Subsequent Events

In May 2009, FASB issued an accounting standard to establish general standards of accounting for and disclosure of events that occur after the statement of financial condition date, but before financial statements are issued or are available to be issued. Specifically, this guidance provides (i) the period after the statement of financial condition date during which management of the Company should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (ii) the circumstances under which the Company should recognize events or transactions occurring after the statement of financial condition date in its financial statements; and (iii) the disclosures that the Company should make about events or transactions that occurred after the statement of financial condition date. This guidance is effective for interim or annual financial periods ending after June 15, 2009, and is to be applied prospectively. The Company adopted this guidance as of July 31, 2009. The adoption of this guidance did not have a material effect on the Company's financial condition, results of operations, or cash flows.

Federal Income Taxes

The Company is organized as a limited liability company (L.L.C.) and has elected to be treated as a partnership for federal income tax purposes. As such, the Company is not, in general, subject to federal income tax, but rather income and expenses are passed through to the members, who must report the income and expenses on their respective income tax return.

The Company is subject to the Texas Gross Margin Tax. The Company has a tax credit derived from prior year net losses of \$4,009,711 and \$4,071,946 as of December 31, 2009 and 2008, respectively, which is used to reduce the Texas Gross Margin Tax. The Company did not owe Texas Gross Margin Tax for the years ended December 31, 2009 and 2008.

Revenue Recognition

Security transactions (and related commission revenue and expense) by the Company are recorded on a trade date basis.

Fixed Asset and Intangibles

Depreciation for fixed assets is provided for financial purposes using the straight-line method over five to seven years.

Veritrust Financial, L.L.C.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Fixed Asset and Intangibles (continued)

Amortization for intangibles with definite lives is computed on a straight-line method over five years. Intangibles with indefinite useful lives are not amortized but tested at least annually for impairment. The Company's intangibles which are amortized represent developed software. These intangibles are being amortized over five years. The Company's intangibles which are not amortized represent rights to sales representative.

Impairment of Long-Lived Assets

The Company reviews the carrying value of long-lived assets for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, and the effects of obsolescence, demand, competition, and other economic factors. The Company recognized an impairment loss of \$315,280 during the year ended December 31, 2009. The impairment loss is related to the unamortized intangible assets rights to sales representatives and the termination of the Company's payroll slots rights agreement with an unrelated third party. The Company did not recognize an impairment loss on any long-lived assets during the year ended December 31, 2008.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and equivalents include cash on hand, including restricted cash held with the Company's clearing broker.

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$100,000. Effective October 3, 2008, accounts at the institution were insured by the FDIC up to \$250,000. At December 31, 2009 and 2008, the Company had approximately \$-0- and \$164,813, respectively, in excess of FDIC insured limits. The Company has not experienced any losses in such accounts.

On October 14, 2008, the FDIC announced its temporary Transaction Account Guarantee Program, (the "Program"), providing depositors with unlimited coverage for noninterest-bearing transaction accounts if their bank is a participant in the Program. Noninterest-bearing transaction accounts include Demand Deposit Accounts and any transaction account that has unlimited withdrawals and that cannot earn interest. Also included are low-interest negotiable order of withdrawal ("NOW") accounts that cannot earn more than 0.5% interest, other interest-bearing checking accounts, Money Market Deposit saving accounts, saving accounts and Certificated of Deposit. The Company's bank participates in this Program.

Veritrust Financial, L.L.C.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Restricted Cash

Restricted cash consists of the Company's clearing deposit with its clearing broker. Such amounts are not available for operating purposes.

Members' Equity

Effective September 30, 2009 VFS Financial Services, Inc. acquired all of the outstanding membership interests of the Company for \$250,000. VFS Financial Services, Inc. financed the transaction with a note payable in the amount of \$250,000 from the former owners. The Company is not a signor or a guarantor of the note payable.

VFS Financial Services, Inc. is wholly-owned by the President and CEO of the Company. The President, CEO and the management team of the Company did not change. The Company does not anticipate any significant operational changes. FINRA, in accordance with its regulatory guidelines, approved the change in ownership.

At December 31, 2008, the Company had three classes of membership interests. Class A Membership Interests were voting membership interests. Class B Membership Interests were non-voting membership interests entitled to a six percent cumulative, preferential return on any distribution or dissolution. Class B Membership Interests were convertible into Class A Membership Interests in a 1:1 ratio, based on percentage interest, not monetary contribution, at any time following the third anniversary of their issuance. Class C Membership Interests were voting membership interests that could only be issued to managers, officers or full-time employees subject to forfeiture or indenture upon their termination of position, office, or employment with the Company. Class C Membership Interests were entitled to all the privileges and responsibilities granted to the Class A Membership Interests.

Ownership interests were as follows, at December 31, 2008:

| <u>Class</u> | <u>Ownership Percentage</u> |
|--------------|-----------------------------|
| A | 81% |
| B | 9% |
| C | 10% |

Veritrust Financial, L.L.C.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Employees

The Company has an arrangement with Administaff Companies II, L.P., to provide personnel management services. This service is provided through a co-employment relationship between the Company and Administaff, under which all of the Company's employees are employed by both the Company and Administaff. In addition, the Company outsourced the human resources function to Administaff.

Subsequent Events

The Company has evaluated subsequent events that occurred after December 31, 2009 through the issuance of this report on February 19, 2010. Any material subsequent events that occurred during this time have been properly recognized or disclosed in the financial statements.

Reclassification

Certain reclassifications have been made in the prior years' financial statements to conform to the current year's presentation.

2. Operating Leases

The Company leases office space and office equipment under several non-cancelable operating leases. Rental expense for office space for the years ended December 31, 2009 and 2008 amounted to \$96,815 and \$92,113, respectively. Rental expenses relating to leased office equipment amounted to \$52,475 and \$54,105, for the years ended December 31, 2009 and 2008, respectively.

Future minimum lease payments in excess of one year at December 31, 2009, are as follows:

| | | |
|------|----|----------------|
| 2010 | \$ | 115,610 |
| 2011 | | 18,540 |
| 2012 | | 6,180 |
| | \$ | <u>140,330</u> |

Veritrust Financial, L.L.C.

Notes to Financial Statements

3. Fixed Assets and Intangibles

The classes of fixed assets and intangibles and the related accumulated depreciation and amortization are as follows:

| | Cost | Accumulated Depreciation/ Amortization | Net |
|---|--------------|--|------------|
| | 2009 | | |
| Fixed Assets: | | | |
| Equipment | \$ 15,840 | \$ 8,086 | \$ 7,754 |
| Furniture | 3,879 | 2,688 | 1,191 |
| Other | 516 | 258 | 258 |
| Total | \$ 20,235 | \$ 11,032 | \$ 9,203 |
| Intangibles: | | | |
| Software Development-Amortized | \$ 3,786 | \$ 1,629 | \$ 2,157 |
| Rights to Sales Representatives-Unamortized | 391,417 | - | 391,417 |
| Total | \$ 395,203 | \$ 1,629 | \$ 393,574 |
| | 2008 | | |
| Fixed Assets: | | | |
| Equipment | \$ 369,478 | \$ 361,202 | \$ 8,276 |
| Furniture | 10,197 | 8,452 | 1,745 |
| Other | 24,985 | 24,555 | 430 |
| Total | \$ 404,660 | \$ 394,209 | \$ 10,451 |
| Intangibles: | | | |
| Software Development-Amortized | \$ 326,234 | \$ 324,321 | \$ 1,913 |
| Payroll Slots Rights - Amortized | 270,000 | 4,500 | 265,500 |
| Rights to Sales Representatives-Unamortized | 495,197 | - | 495,197 |
| Total | \$ 1,091,431 | \$ 328,821 | \$ 762,610 |

Depreciation expense for the years ended December 31, 2009 and 2008 was \$3,125 and \$6,396, respectively.

Veritrust Financial, L.L.C.

Notes to Financial Statements

3. Fixed Assets and Intangibles (continued)

Amortization expense for the years ended December 31, 2009 and 2008 was \$54,757 and \$5,354, respectively. Future estimated amortization expense for intangible assets are as follows:

| | | |
|------|----|--------------|
| 2010 | \$ | 757 |
| 2011 | | 757 |
| 2012 | | 342 |
| | \$ | <u>1,856</u> |

During 2009, the Company decided to terminate a significant number of representatives whose production sales were tied into the Company's right to sale representatives' intangible asset value. The Company performed an analysis based on the expected future income stream of the remaining representatives to determine the value of representatives' rights. Based on this analysis, the Company determined the asset value was impaired and wrote the asset down by \$103,780.

During 2009, the Company decided to terminate their payroll slots rights agreement with an unrelated third party (see Note 5). As a result of agreement being terminated, the Company determined the asset was impaired and would have no future benefit to the Company and thus should be valued at \$-0-; therefore, the \$211,500 of payroll slots rights were charged-off during 2009.

4. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital of \$50,000 and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2009 and 2008, the Company had net capital of \$386,873 and \$446,397, respectively. The Company's ratio of aggregate indebtedness to net capital was 1.03 to 1 at December 31, 2009 and .76 to 1 at December 31, 2008.

Veritrust Financial, L.L.C.

Notes to Financial Statements

5. Related Party Transactions

In June 2009 and 2008, the Company entered into an agreement with VFS Financial Services, Inc., formerly VFS Financial Services LLC, for its errors and omission insurance premium. VFS Financial Services, Inc. assumes all liability from the financing of the errors and omission premiums in exchange for monthly payments from the Company. VFS Financial Services, Inc. owns 100% of the Company.

Under this arrangement, in 2009, the Company paid one down payment of \$22,353 at the beginning of the policy term and ten monthly payments of \$17,401 each, commencing on June 1, 2009 and continuing monthly thereafter. In 2008, the Company paid one down payment of \$24,491 at the beginning of the policy term and ten monthly payments of \$16,282 each, commencing on June 1, 2008 and continuing monthly thereafter. VFS Financial Services, Inc. has the right to cancel and terminate the policy if payment is not received from the Company. As of December 31, 2009, the Company owed the related party \$-0-.

During 2009 and 2008, the Company also provided administrative services to VFS Financial Services, Inc. The Company recorded \$63,920 for service income for the year ended December 31, 2009 and \$25,640 for service income for the year ended December 31, 2008.

The Company and VFS Financial Services, Inc. entered into an agreement for the Company to repurchase certain marketing rights and related payroll deduction authority for 403(b) plans with school districts across the United States. As a result of this transaction the Company recorded an intangible asset of \$270,000, during 2008, with an estimated life of 5 years. The intangible asset will be considered non-allowable towards regulatory capital under FINRA guidelines.

Americo Life Insurance Company ("Americo"), an unrelated third party, also has certain marketing rights with the same school districts. Americo paid VFS Financial Services, Inc. \$10,000 per month for those marketing rights and related processing of the payroll deduction for 403(b) contributions that VFS Financial Services, Inc. receives on their behalf. The Company and VFS Financial Services, Inc. entered in to an agreement to retain the responsibility for those marketing rights and related processing of the payroll deductions on behalf of Americo for a fee of \$5,000 per month.

Effective October 26, 2009, the Company terminated the Americo agreements by mutual agreement from Americo and the intangible asset was valued at \$-0- as of December 31, 2009.

Veritrust Financial, L.L.C.

Notes to Financial Statements

6. Commitments and Contingencies

Market Risks and Credit Risks

In the normal course of business, the clearing broker and the Company's activities will involve the execution, settlement and financing of various securities transactions. These activities may expose the Company to off-balance sheet credit and market risks in the event the customer or counterparty is unable to fulfill its contractual obligations. Such risks may be increased by volatile trading markets.

The clearing broker, through which accounts are introduced, and the Company will seek to control the risks associated with their customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company is contingently liable for any customer account deficits with the clearing broker which are not otherwise satisfied. The clearing broker and the Company will monitor required margin levels daily and, pursuant to such guidelines, will require customers to deposit additional collateral or to reduce positions where necessary.

Supplemental Information

PS&Co.

Padgett Stratemann & Co. LLP

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

**Independent Auditors' Report on Supplemental
Information Required by Rule 17a-5 of the
Securities and Exchange Commission**

Managers and Members of
Veritrust Financial, L.L.C.
Austin, Texas

We have audited the accompanying financial statements of Veritrust Financial, L.L.C. as of and for the year ended December 31, 2009, and have issued our report thereon dated February 19, 2010. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplemental information required by Rule 17a-5 of the Securities and 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.

Padgett, Stratemann & Co., L.L.P.

Certified Public Accountants
February 19, 2010

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Veritrust Financial, L.L.C.

Computation of Net Capital, Aggregate Indebtedness and Ratio of Aggregate Indebtedness to Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission

December 31, 2009

| | |
|---|-------------------|
| TOTAL MEMBERS' EQUITY | \$ 885,338 |
| Deductions: | |
| Non-allowable assets: | |
| Fixed asset, net of accumulated depreciation | (9,203) |
| Intangible, net of accumulated amortization | (393,574) |
| Prepaid expenses | (22,353) |
| Unsecured receivable and other assets | (73,335) |
| Total Net Capital | <u>\$ 386,873</u> |
| AGGREGATE INDEBTEDNESS | |
| Accrued expenses and accounts payable | \$ 397,921 |
| Total Aggregate Indebtedness | <u>\$ 397,921</u> |
| COMPUTATION OF BASIC NET CAPITAL REQUIREMENT | |
| Minimum net capital required of broker-dealer (6.67% of total aggregate indebtedness) | <u>\$ 26,527</u> |
| Minimum dollar net capital requirement of broker-dealer | <u>\$ 50,000</u> |
| Net capital requirement (greater of two above) | <u>\$ 50,000</u> |
| Net capital over the required minimum | <u>\$ 336,873</u> |
| Ratio: Aggregate Indebtedness of Net Capital | 1.03 to 1 |

The above computation does not differ from the computation of net capital under Rule 15c3-1 as of December 31, 2009, filed with the Securities and Exchange Commission by the Partnership on Part II A of Form X-17a-5.

See auditors' report on supplemental information

Veritrust Financial, L.L.C.

**Computation for Determination of Reserve Requirements and
Information Relating to Possession or Control Requirements Under
Rule 15c3-3 of the Securities and Exchange Commission**

December 31, 2009

The Company is exempt from reserve requirements and the related computations for the determination thereof under paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934, as the Company does not receive, directly or indirectly, or hold funds or securities for, or owe funds or securities to, customers and does not carry accounts of, or for, customers and clears all transactions with and for customers on a fully disclosed basis with the clearing broker, Pershing LLC, which carries all of the accounts of customers.

During the year ended December 31, 2009, in the opinion of management, the Company has complied with the conditions for exemption specified in paragraph (k)(2)(ii) of Rule 15c3-3.

See auditors' report on supplemental information

Report on Internal Control Structure

PS&Co.

Padgett Stratemann & Co. LLP

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

**Independent Auditors' Report on Internal Control
Structure Required by Securities and Exchange Commission Rule 17a-5**

Managers and Members of
Veritrust Financial, L.L.C.
Austin, Texas

In planning and performing our audit of the financial statements and supplemental information of Veritrust Financial, L.L.C. (the "Company") for the year ended December 31, 2009, 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 the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company (including 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 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 making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13, in complying with the requirements for prompt payment for securities under section 8 of Regulation T of the Board of Governors of the Federal Reserve System, or obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining an 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 internal 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 an 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 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.

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Independent Auditors' Report on Internal
Control Structure Required By SEC Rule 17a-5

Because of inherent limitations in any internal control 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.

Our consideration of the 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 specific internal control elements does not reduce to a relatively low level the risk that errors or irregularities 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, 2009 to meet the SEC's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

Padgett, Stratemann & Co., L.L.P.

Certified Public Accountants
February 19, 2010