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

SEC FILE NUMBER  
8- 41804

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: Breckenridge Securities Corp

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

945 East Paces Ferry Road, Suite 1250

Atlanta  
(City)

GA  
(State)

30326  
(Zip Code)

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

Lamy C. Williams

(404) 945-1600  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Smith & Howard, PC

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

171 17th Street, NW Ste. 900 Atlanta, GA 30363

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

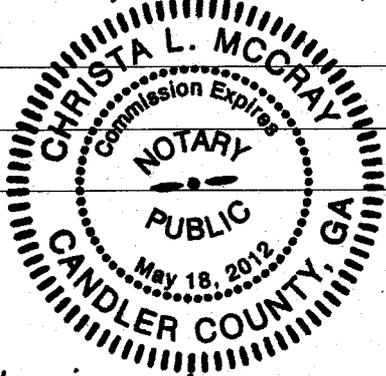
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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3/16/2010

OATH OR AFFIRMATION

I, Lamy C. Williams, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Breckenridge Securities Corp, as of February, 2010, 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:



Jay Adell  
Signature  
President  
Title

Christa L. McCray  
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).

# SMITH & HOWARD

*Certified Public Accountants and Advisers*

## **Board of Directors Breckenridge Securities Corp.**

In planning and performing our audit of the financial statements of Breckenridge Securities Corp. (the "Company") as of and for the year ended December 31, 2009, 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.

We also made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) of the Securities and Exchange Commission (the Commission) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3. 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 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, 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 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 irregularities 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 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 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 the internal control structure 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, 2009, to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, 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.

*Smith & Howard*

February 18, 2010

# SMITH & HOWARD

*Certified Public Accountants and Advisers*

February 18, 2010

Members of the Board of Directors  
Breckenridge Securities Corp.  
Atlanta, Georgia

We have audited the financial statements of Breckenridge Securities Corp. ("BSC") for the year ended December 31, 2009, and have issued our report thereon dated February 18, 2010.

Our professional standards require that we communicate with you concerning certain matters that may be of interest to you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of BSC is responsible. We have prepared the following comments to assist you in fulfilling that obligation.

## **Our Responsibility Under Auditing Standards Generally Accepted in the United States of America**

Our responsibility under auditing standards generally accepted in the United States of America requires, among other things, that we obtain an understanding of BSC's internal controls to enable us to properly plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. We noted no matters involving BSC's internal control and its operations that we consider to be a material weakness.

## **Significant Accounting Policies**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by BSC are described in Note 1 to the financial statements. BSC evaluates all federal and state income tax positions. During 2009, this process includes an analysis of whether these income tax positions BSC takes meet the definition of an uncertain tax position under the Income Tax Topic of the Financial Accounting Standards Codification. We noted no transactions entered into by BSC during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

## **Audit Adjustments**

Our audit was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatements, whether by error or fraud. In addition, we are obligated by auditing standards generally accepted in the United States of America to inform you of any adjustments arising from the audit that could, in our judgment, either individually or in the aggregate, have a significant effect on BSC's financial reporting process. There were no journal entries made by us at December 31, 2009.

In addition, we are obligated by auditing standards generally accepted in the United States of America to inform you about uncorrected misstatements (regardless of whether they have a significant effect on the financial reporting process) aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We note that there were no uncorrected misstatements discussed with management of BSC that would have resulted in a change in the net income.

## **Disagreements with Management**

We have not had any disagreements with management related to matters that are material to BSC's 2009 financial statements.

## **Consultation with Other Accountants**

We are not aware of any consultation that management may have had with other accountants about auditing and accounting matters during 2009.

## **Issues Discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention of BSC's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## **Difficulties Encountered in Performing the Audit**

In our judgment, we received the full cooperation of BSC's management and their staff and had unrestricted access to BSC's management in the performance of our audit.

## **Management Advisory Services**

BSC did not engage us to perform any management advisory services during 2009.

This report is intended solely for the information and use of the Board, management, and others within BSC and is not intended to be and should not be used by anyone other than these specified parties.

We will be pleased to discuss this report with you further at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Smith & Howard".

Smith & Howard

**BRECKENRIDGE SECURITIES CORP.**

**FINANCIAL STATEMENTS  
and  
SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2009**

**with  
INDEPENDENT AUDITORS' REPORT**

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## INDEPENDENT AUDITORS' REPORT

**Board of Directors  
Breckenridge Securities Corp.**

We have audited the accompanying balance sheet of Breckenridge Securities Corp. (the Company), at December 31, 2009, and the related statements of operations, stockholders' 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 Breckenridge Securities Corp. at December 31, 2009, 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.

*Smith + Howard*

February 18, 2010

**BRECKENRIDGE SECURITIES CORP.  
BALANCE SHEET  
DECEMBER 31, 2009**

**ASSETS**

Current Assets	
Cash	\$ 23,098
Prepaid expenses	<u>7,486</u>
	<u>\$ 30,584</u>

**STOCKHOLDERS' EQUITY**

Stockholders' Equity	
Common stock, \$1 par value; 2,500 shares authorized 2,000 issued and outstanding	2,000
Additional paid-in capital	20,800
Retained earnings	<u>7,784</u>
	<u>30,584</u>
	<u>\$ 30,584</u>

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

**BRECKENRIDGE SECURITIES CORP.  
STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2009**

Income	
Fees	\$ 39,996
Interest income	<u>220</u>
	40,216
Administrative Expenses	<u>48,178</u>
Net Loss	<u>\$ (7,962)</u>

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

**BRECKENRIDGE SECURITIES CORP.  
STATEMENT OF STOCKHOLDERS' EQUITY  
YEAR ENDED DECEMBER 31, 2009**

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at Beginning of Year	\$ 1,500	\$ 21,300	\$ 15,746	\$ 38,546
Issuance of Common Stock	500	(500)	-	-
Net Loss	<u>-</u>	<u>-</u>	<u>(7,962)</u>	<u>(7,962)</u>
Balance at End of Year	<u>\$ 2,000</u>	<u>\$ 20,800</u>	<u>\$ 7,784</u>	<u>\$ 30,584</u>

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

**BRECKENRIDGE SECURITIES CORP.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2009**

Cash Flows From Operating Activities		
Cash received from customers	\$	39,996
Cash paid to suppliers and employees		(44,084)
Interest received		220
Net Cash Required by Operating Activities		<u>(3,868)</u>
Decrease in Cash		(3,868)
Cash at Beginning of Year		<u>26,966</u>
Cash at End of Year	\$	<u>23,098</u>
Reconciliation of Net Loss to Net Cash Required by Operating Activities		
Net Loss	\$	(7,962)
Adjustments to Reconcile Net Loss to Net Cash Required by Operating Activities		
Decrease in prepaid expenses		4,229
Decrease in accounts payable		<u>(135)</u>
Total adjustments		<u>4,094</u>
Net Cash Required by Operating Activities	\$	<u>(3,868)</u>

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

**BRECKENRIDGE SECURITIES CORP.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Business – Breckenridge Securities Corp. (the “Company”) participates in the private placement of debt and equity securities as an agent, not as a principal, for or on behalf of the issuers of such securities. All private placement activity is on a “best efforts” basis. Private placement transactions on behalf of issuers involve capital formation activity on behalf of such issuers, merger and acquisition advice related to such issuers, and other transactions which involve the private placement of securities. The Company does not engage in any securities trading activities, market making, or firm commitment underwriting, nor does it carry or maintain customer accounts, engage in securities clearing activities, or maintain or hold cash or securities of customers or offerees in connection with private placement transactions.

Basis of Accounting – The Company follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”). In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative GAAP. Pursuant to the provisions of FASB ASC 105, the Company no longer references to particular standards of GAAP. The adoption of FASB ASC 105 did not impact the Company’s financial position or results of operations.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of one year or less to be cash equivalents.

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.

Subsequent Events – Management has evaluated subsequent events through February 18, 2010, the date which the financial statements were available to be issued.

**BRECKENRIDGE SECURITIES CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**NOTE 2 – RELATED PARTY ARRANGEMENTS**

The Company has made arrangements with a related party, The Breckenridge Group, Inc. (The Group), to provide office space for the operations of the Company and to provide the Company with office support services, such as clerical, administrative, and bookkeeping/record keeping services.

The Company has entered into an agreement to perform certain investment banking and financial advisory services for The Group. Under the agreement, as amended, the Company receives an annual retainer not to exceed \$40,000. The agreement can be terminated by either party with a 30-day notice.

During 2009, \$39,996 in fee revenue was earned from The Group and \$11,616 in office support services was paid to The Group.

**NOTE 3 – INCOME TAXES**

The Company has elected to be treated as a "Subchapter S-Corporation". Under "Subchapter S" provisions of the Internal Revenue Code, the Company does not pay income taxes on its taxable income. Instead, the stockholders include their prorata share of the Company's income and expenses on their individual income tax returns.

The Company annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Company takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification.

**NOTE 4 – NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (8 to 1 in the first year) and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting indebtedness to net capital ratio would exceed 10 to 1. At December 31, 2009, the Company had net capital of \$23,098 which was \$18,098 in excess of its required net capital of \$5,000.

## **SUPPLEMENTARY INFORMATION**

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

**Board of Directors  
Breckenridge Securities Corp.**

Our audit was made for the purpose of forming an opinion on the basic financial statements of Breckenridge Securities Corp. taken as a whole. The supplementary information presented hereinafter is presented for purposes of additional analysis and to meet specific requirements of the U. S. Securities and Exchange Commission pursuant to Section 17 of the Securities Act of 1934 and Rule 17a-5 thereunder, and is not a required part of the basic financial statements. 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.

The accompanying supplementary information (schedules) have been prepared solely for filing with regulatory agencies and are not intended for any other purpose. This supplementary information (schedules) has been prepared in conformity with the accounting practices by the U. S. Securities and Exchange Commission pursuant to Section 17 of the Securities Act of 1934 and Rule 17a-5 thereunder, and is not intended to be presented in conformity with generally accepted accounting principles.

*Smith & Howard*

February 18, 2010

**BRECKENRIDGE SECURITIES CORP.**  
**SCHEDULE OF COMPUTATION OF NET CAPITAL AND RECONCILIATION**  
**OF UNAUDITED COMPUTATION OF NET CAPITAL TO AUDITED**  
**COMPUTATION OF NET CAPITAL**  
**YEAR ENDED DECEMBER 31, 2009**

	<u>UNAUDITED</u>	NET CHANGE INCREASE (DECREASE)	<u>AUDITED</u>
Total ownership equity from balance sheet at December 31, 2009	\$ 30,584	\$ -	\$ 30,584
Add: liabilities subordinated to claims of general creditors	-	-	-
Deduct: other allowable credits: excess fidelity bond deduction	<u>-</u>	<u>-</u>	<u>-</u>
Total capital and allowable subordinated liabilities and credits at December 31, 2009	30,584	-	30,584
Deduct: total non-allowable assets from balance sheet at December 31, 2009	<u>(7,486)</u>	<u>-</u>	<u>(7,486)</u>
Net capital before haircuts on security positions at December 31, 2009	23,098	-	23,098
Haircuts on securities at December 31, 2009	<u>-</u>	<u>-</u>	<u>-</u>
Net capital at December 31, 2009	<u>\$ 23,098</u>	<u>\$ -</u>	<u>\$ 23,098</u>

There are no material differences between the above computation and the corresponding computation contained in the unaudited FOCUS Report as of December 31, 2009.

**BRECKENRIDGE SECURITIES CORP.  
SCHEDULE OF CHANGES IN LIABILITIES  
SUBORDINATED TO GENERAL CREDITORS  
YEAR ENDED DECEMBER 31, 2009**

During the year ended December 31, 2009, there were no liabilities subordinated to general creditors.

# SMITH & HOWARD

*Certified Public Accountants and Advisers*

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