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

FEB 28 2011

SEC FILE NUMBER
8- 053276

FACING PAGE

Washington, DC

**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 January 1, 2010 AND ENDING December 31, 2010
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Stinson Securities, LLC
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
55 Francisco Street, Suite 800

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

San Francisco California 94133
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Lonnie Odom (415) 981-3345
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Breard & Associates, Inc. Certified Public Accountants

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

9221 Corbin Avenue, Suite 170 Northridge California 91324
(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)

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OATH OR AFFIRMATION

I, Lonnie Odom, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Stinson Securities, LLC, as of December 31, 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:

State of California
County of San Francisco
Subscribed and sworn to (or affirmed) before me on this 24th day of February, 2011 by Lonnie Odom proved to me on the basis of satisfactory evidences to be the person who appeared before me.

Lonnie Odom

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.
- (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).



BREARD & ASSOCIATES, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Stinson Securities, LLC:

We have audited the accompanying statement of financial condition of Stinson Securities, LLC (the Company) as of December 31, 2010, and the related statements of income, changes in members' 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 Stinson Securities, LLC as of December 31, 2010, and the results of its income 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.

Breard & Associates, Inc.
Certified Public Accountants

Oakland, California
February 22, 2011

Stinson Securities, LLC
Statement of Financial Condition
December 31, 2010

Assets

Cash	\$ 775
Deposit with clearing organization	144,645
Prepaid expense	<u>2,058</u>
Total assets	<u>\$ 147,478</u>

Liabilities and Members' Equity

Liabilities

Accounts payable and accrued expenses	\$ 30,467
Income taxes payable	1,600
Lines of credit payable	<u>35,139</u>
Total liabilities	67,206

Members' equity

Members' equity	<u>80,272</u>
Total members' equity	<u>80,272</u>
Total liabilities and members' equity	<u>\$ 147,478</u>

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

Stinson Securities, LLC
Statement of Income
For the Year Ended December 31, 2010

Revenues

Underwriting fees	\$ 235,547
Interest income	223
Other income	<u>3,000</u>
Total revenues	238,770

Expenses

Employee compensation and benefits	83,963
Underwriting expense	5,978
Communication and data processing	38,068
Interest expense	3,904
Clearing fees	7,768
Professional fees	6,150
Occupancy expense	36,564
Other operating expenses	<u>50,456</u>

Total expenses 232,851

Net income (loss) before income tax provision 5,919

Income tax provision 800

Net income (loss) \$ 5,119

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

Stinson Securities, LLC
Statement of Changes in Members' Equity
For the Year Ended December 31, 2010

	<u>Class A</u>	<u>Class B</u>	<u>Class C</u>	<u>Total Members' Equity</u>
Balance at December 31, 2009	\$ —	\$ (124,510)	\$ 196,663	\$ 72,153
Members' contributions	—	17,000	15,000	32,000
Members' distributions	—	—	(29,000)	(29,000)
Net income (loss)	<u>—</u>	<u>(16,371)</u>	<u>21,490</u>	<u>5,119</u>
Balance at December 31, 2010	<u>\$ —</u>	<u>\$ (123,881)</u>	<u>\$ 204,153</u>	<u>\$ 80,272</u>

The accompanying notes are an integral part of these financial statements

Stinson Securities, LLC
Statement of Cash Flows
For the Year Ended December 31, 2010

Cash flow from operating activities:

Net income (loss)		\$ 5,119
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in assets:		
Deposit with clearing organization	\$ (21,912)	
Accounts receivable	3,300	
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	8,780	
Income taxes payable	(100)	
Lines of credit payable	<u>(156)</u>	
Total adjustments		<u>(10,088)</u>
Net cash provided by (used in) operating activities		(4,969)

Net cash provided by (used in) in investing activities -

Cash flow from financing activities:

Capital distributions		(29,000)
Proceeds from capital contributions	<u>32,000</u>	
Net cash provided by (used in) financing activities		<u>3,000</u>
Net increase (decrease) in cash		(1,969)
Cash at beginning of year		<u>2,744</u>
Cash at end of year		<u><u>\$ 775</u></u>

Supplemental disclosure of cash flow information:

Cash paid during the year for:		
Interest		\$ 3,904
Income taxes		\$ 900

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

Stinson Securities, LLC
Notes to Financial Statements
December 31, 2010

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Stinson Securities, LLC (the "Company") is a California Limited Liability Company ("LLC") registered as a broker/dealer in securities under the Securities Exchange Act of 1934, as amended. The Company was organized on July 19, 2001, and shall continue until December 31, 2091. The Company is a member of the Financial Industry Regulatory Authority ("FINRA"), the Securities Investor Protection Corporation ("SIPC"), and the Municipal Securities Rulemaking Board ("MSRB").

The Company participates in municipal and corporate debt securities underwriting, and brokers U.S. government municipal and corporate debt securities.

Due to the nature of municipal bond underwriting business, the Company's revenue during the year was primarily the result of a few transactions. Approximately 60% of the revenue was generated from a single client.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3(k)(2)(ii), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

Summary of Significant Accounting Policies

The presentation 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur. Underwriting income is recorded at the time the underwriting is completed and the income is reasonably determined.

The Company underwrites municipal bond offerings by contracting to purchase and then sell offerings on a best effort basis. The difference between the price paid and the issue price, the gross underwriting spread, is recognized as underwriting income on the trade date of the sale.

Stinson Securities, LLC
Notes to Financial Statements
December 31, 2010

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

The Company has fully depreciated furniture and equipment of \$34,264. Furniture and equipment has been depreciated over the estimated useful lives of the related assets. Depreciation was computed using the double declining method for financial purposes.

The Company, with the consent of its Members, has elected to be a California Limited Liability Company. For tax purposes the Company is treated like a partnership, therefore in lieu of business income taxes, the Members are taxed on the Company's taxable income. Accordingly, no provision or liability for Federal Income Taxes is included in these financial statements.

The Company however, is subject to the annual California LLC tax of \$800 and a California LLC fee based on gross revenue.

The Company has evaluated events subsequent to the balance sheet date for items requiring recording or disclosure in the financial statements. The evaluation was performed through February 22, 2011, which is the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.

Note 2: DEPOSIT WITH CLEARING ORGANIZATION

The Company has a brokerage agreement with Wedbush Morgan Securities ("Clearing Broker") to carry its account and the accounts of its clients as customers of the Clearing Broker. This Clearing Broker has custody of the Company's cash balances which serve as collateral for any amounts due to the Clearing Broker as well as collateral for securities sold short or securities purchased on margin. Interest is paid monthly on these cash deposits at the average overnight repurchase rate. The balance at December 31, 2010 was \$144,645.

Note 3: INCOME TAXES

The Company is subject to a limited liability company gross receipts fee, with a minimum franchise tax. As of December 31, 2010, the income tax provision consist of the following:

Franchise tax	\$ 800
Gross receipts fee	<u>-</u>
Total income tax provision	<u>\$ 800</u>

At December 31, 2010, the Company has recorded income taxes payable of \$1,600. This amount includes \$800 minimum estimated tax for both 2009 and 2010 tax years.

Stinson Securities, LLC
Notes to Financial Statements
December 31, 2010

Note 4: LINES OF CREDIT

The Company has three revolving lines of credit which require interest to be paid monthly and are summarized as follows:

	Credit line	Balance at 12/31/10	Interest rate
Wells Fargo	\$ 20,000	\$ 20,157	10.00%
Wells Fargo	10,300	10,296	11.75%
American Express	5,000	4,686	12.24%
	<u>\$ 35,300</u>	<u>\$ 35,139</u>	

Note 5: CAPITALIZATION AND DISTRIBUTION

The Company has three classes of members. Class B members have priority over class A and Class C members with the respect to return of capital and distributions. Class B members are entitled to distributions of 1% of gross revenue for every \$10,000 invested as capital. Class C members are entitled to a distribution of .5% for each \$10,000 invested as capital. The Class A members are entitled to the remaining profit or loss. A members' liability is limited to their respective capital contribution.

Under the Company's amended Operating Agreement, no class C member is either required or permitted to make additional capital contributions. However, in 2010, one class C member was granted permission to make a voluntarily capital contribution in statutory violation of the Operating Agreement. No formal resolution was initiated to amend the existing Operating Agreement, nor is any anticipated.

Note 6: OCCUPANCY EXPENSE

The Company is leasing office space under an agreement that expires in 2011. The lease contains provisions for rent escalation based on increases in certain costs incurred by the lessor. For the year ended December 31, 2010,

Office Rent	<u>\$ 36,564</u>
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At December 31, 2010, the Company owes the lessor \$25,398 in rental charges which are included in accounts payable and accrued expenses on the Statement of Financial Condition.

Stinson Securities, LLC
Notes to Financial Statements
December 31, 2010

Note 7: PENSION PLAN

The Company sponsors a Simplified Employee Pension Plan that covers Class A members and employees who have completed three years of service and have attained age 21. Contributions to the plan are determined annually for up to 25% of compensation at the Company's discretion. For the year ended December 31, 2010, the Company made no contributions to the plan.

Note 8: CONCENTRATIONS OF CREDIT RISK

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

Note 9: RECENTLY ISSUED ACCOUNTING STANDARDS

The Financial Accounting Standards Board (the "FASB") issued a new professional standard in June of 2009 which resulted in a major restructuring of U.S. accounting and reporting standards. The new professional standard, issued as ASC 105 ("ASC 105"), establishes the Accounting Standards Codification ("Codification or ASC") as the source of authoritative accounting principles ("GAAP") recognized by the FASB. The principles embodied in the Codification are to be applied by nongovernmental entities in the preparation of financial statements in accordance with generally accepted accounting principles in the United States. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") issued under authority of federal securities laws are also sources of GAAP for SEC registrants. Existing GAAP was not intended to be changed as a result of the Codification, and accordingly the change did not impact the financial statements of the Company.

For the year ending December 31, 2010, various Accounting Standard Updates ("ASU") issued by the FASB were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year then ended. The Company has reviewed the following ASU releases to determine relevance to the Company's operations:

Stinson Securities, LLC
Notes to Financial Statements
December 31, 2010

Note 9: RECENTLY ISSUED ACCOUNTING STANDARDS
(Continued)

<u>Statement No.</u>	<u>Title</u>	<u>Effective Date</u>
2009-01	The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles (ASC 105) - a Replacement of FASB Statement No. 162	After September 15, 2009
2010-06	Fair Value Measurements and Disclosures (ASC 820): Improving Disclosures about Fair Value Measurements	After December 15, 2009
2010-09	Subsequent Events (ASC 855): Amendments to Certain Recognition and Disclosure Requirements	After February 24, 2010
2009-16	Accounting for Transfers of Financial Assets (ASC 860) - an Interpretation of FASB Statement No. 140	After November 15, 2009
2009-17	Consolidations (ASC 810) - Improvements to Financial Reporting by Enterprises with Variable Interest Entities	After November 15, 2009

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

Stinson Securities, LLC
Notes to Financial Statements
December 31, 2010

Note 10: 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 and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. Net capital and aggregate indebtedness change day to day, but on December 31, 2010, the Company had net capital of \$78,214 which was \$28,214 in excess of its required net capital of \$50,000; and the Company's ratio of aggregate indebtedness (\$67,206) to net capital was 0.86 to 1, which is less than the 15 to 1 maximum allowed.

Note 11: RECONCILIATION OF AUDITED NET CAPITAL TO UNAUDITED FOCUS

There is a difference of \$671 between the computation of net capital under net capital SEC. Rule 15c3-1 and the corresponding unaudited FOCUS part IIA.

Net capital per unaudited schedule	\$	78,885
Adjustments:		
Members' equity	\$	<u>(671)</u>
Total adjustments		<u>(671)</u>
Net capital per audited statements	\$	<u><u>78,214</u></u>

Stinson Securities, LLC
Schedule I - Computation of Net Capital Requirements
Pursuant to Rule 15c3-1
As of December 31, 2010

Computation of net capital

Members' equity	\$	<u>80,272</u>
Total members' equity		\$ 80,272
Less: Non-allowable assets		
Prepaid expense		<u>(2,058)</u>
Total non-allowable assets		<u>(2,058)</u>
Net capital		78,214

Computation of net capital requirements

Minimum net capital requirements		
6 2/3 percent of net aggregate indebtedness	\$	4,480
Minimum dollar net capital required	\$	<u>50,000</u>
Net capital required (greater of above)		<u>(50,000)</u>
Excess net capital		<u>\$ 28,214</u>
Ratio of aggregate indebtedness to net capital		0.86 : 1

There was a difference of \$671 between net capital computation shown here and the net capital computation shown on the Company's unaudited Form X-17A-5 report dated December 31, 2010 (See Note 11).

See independent auditor's report

Stinson Securities, LLC
Schedule II - Computation for Determining of Reserve
Requirements Pursuant to Rule 15c3-3
As of December 31, 2010

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

See independent auditor's report

Stinson Securities, LLC
Schedule III - Information Relating to Possession or Control
Requirements Pursuant to Rule 15c3-3
As of December 31, 2010

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

See independent auditor's report

Stinson Securities, LLC
Supplementary Accountant's Report
on Internal Accounting Control
Report Pursuant to 17a-5
For the Year Ended December 31, 2010

Board of Directors

Stinson Securities, LLC:

In planning and performing our audit of the financial statements of Stinson Securities, LLC (the Company), as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that 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 the quarterly securities examinations, counts, verifications and comparisons, and the 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 judgements 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 conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and 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, as described in the second paragraph of this report, were adequate at December 31, 2010, to meet the SEC's objectives.

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



Breard & Associates, Inc.
Certified Public Accountants

Oakland, California
February 22, 2011

SEC Mail Processing
Section

FEB 28 2011

Washington, DC
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Stinson Securities, LLC
Report Pursuant to Rule 17a-5 (d)
Financial Statements
For the Year Ended December 31, 2010