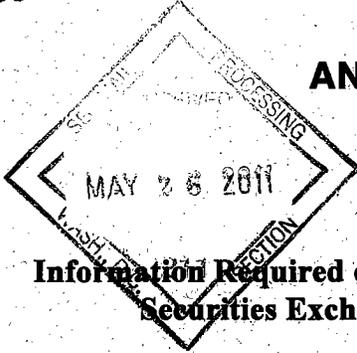




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UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

OMB APPROVAL OMB Number: 3235-0123 Expires: April 30, 2013 Estimated average burden hours per response: 12.00



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

SEC FILE NUMBER 8-39700

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 4/1/2010 AND ENDING 3/31/2011 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Woodlands Securities Corporation

OFFICIAL USE ONLY FIRM I.D. NO.

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

10077 Grogans Mill Road, Suite 130

(No. and Street)

The Woodlands

Texas

77380

(City)

(State)

(Zip Code)

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

Morris Monroe

(281) 367-2483

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Harper & Pearson Company, P.C.

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

One Riverway, Suite 1000

Houston

Texas

77056

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- [X] 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)

n.a. 6/13

Handwritten signature

OATH OR AFFIRMATION

I, Morris Monroe, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Woodlands Securities Corporation, as of March 31, 2011, 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:

*[Handwritten Signature]*

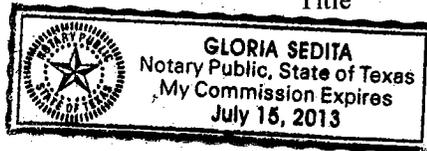
Signature

President

Title

*[Handwritten Signature]*

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).

**SIPC-7**

(33-REV 7/10)

**SECURITIES INVESTOR PROTECTION CORPORATION**

P.O. Box 92185 Washington, D.C. 20090-2185  
202-371-8300

**General Assessment Reconciliation**

**SIPC-7**

(33-REV 7/10)

For the fiscal year ended MARCH 31, 20 11

(Read carefully the instructions in your Working Copy before completing this Form)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

039700 FINRA MAR  
WOODLANDS SECURITIES CORPORATION  
10077 GROGANS MILL RD STE 130  
THE WOODLANDS TX 77380-1029

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

Connie Smith 281-367-2483

- 2. A. General Assessment (Item 2e from page 2) \$ 1,514.00
- B. Less payment made with SIPC-6 filed (exclude interest) ( 811.00 )  
October 27, 2010  
Date Paid
- C. Less prior overpayment applied ( \_\_\_\_\_ )
- D. Assessment balance due or (overpayment) 703.00
- E. Interest computed on late payment (see Instruction E) for \_\_\_\_\_ days at 20% per annum \_\_\_\_\_
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 703.00
- G. PAID WITH THIS FORM:  
Check enclosed, payable to SIPC  
Total (must be same as F above) \$ 703.00
- H. Overpayment carried forward \$( \_\_\_\_\_ )

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Woodlands Securities Corp

(Name of Corporation, Partnership or other organization)

(Authorized Signature)

Dated the 27th day of May, 20 11.

President

(Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

**SIPC REVIEWER** Dates:                                                                 
Postmarked                  Received                  Reviewed

Calculations                      Documentation                      Forward Copy                     

Exceptions: \_\_\_\_\_

Disposition of exceptions: \_\_\_\_\_



**REPORT ON INTERNAL CONTROL STRUCTURE  
REQUIRED BY SEC RULE 17 A-5 FOR A  
BROKER-DEALER CLAIMING AN EXEMPTION  
FROM SEC RULE 15C3-3**

To The Stockholders  
Woodlands Securities Corporation

In planning and performing our audit of the financial statements and supplemental schedules of Woodlands Securities Corporation (the Company), as of and for the year ended March 31, 2011, 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 quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in 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 or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

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 deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

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 the 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 March 31, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of the stockholders, management, the SEC, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be an should not be used by anyone other than these specified parties.

*Harper & Pearson Company, P.C.*

Houston, Texas  
May 25, 2011



**INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED UPON PROCEDURES  
RELATED TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION**

To the Stockholders  
Woodlands Securities Corporation

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [Transitional Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended March 31, 2011, which were agreed to by Woodlands Securities Corporation and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and the SIPC, solely to assist you and the other specified parties in evaluating Woodlands Securities Corporation's compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7). Woodlands Securities Corporation's management is responsible for the Woodlands Securities Corporation's compliance with those requirements. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. We compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries including the general ledger detail and cash disbursements journal noting no differences.
2. We compared the amounts reported on the audited Form X-17A-5 for the year ended March 31, 2011, as applicable, with the amounts reported in Form SIPC-7 for the year ended March 31, 2011 noting no differences.
3. We compared adjustments reported in Form SIPC-7 with supporting schedules and working papers including general ledger detail and clearing broker reports noting no differences.
4. We proved the arithmetical accuracy of the calculation reflected in Form SIPC-7 and in the related schedules and working papers including general ledger detail and quarterly Focus reports supporting the adjustments noting no differences.
5. We compared the amount of overpayment applied to the current assessment with the Form SIPC-7T on which it was originally computed noting overpayments were not applicable for this report.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties

*Harper & Pearson Company, P.C.*

Houston, Texas  
May 25, 2011

WOODLANDS SECURITIES CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2011



**HARPER & PEARSON**  
COMPANY, P.C. CERTIFIED PUBLIC  
ACCOUNTANTS

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[harperpearson.com](http://harperpearson.com)

**WOODLANDS SECURITIES CORPORATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2011**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Woodlands Securities Corporation  
The Woodlands, Texas

We have audited the accompanying statement of financial condition of Woodlands Securities Corporation (the Company) as of March 31, 2011, and the related statements of income, changes in stockholders' 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 generally accepted auditing standards in the United States. 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 Woodlands Securities Corporation as of March 31, 2011, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles in the United States.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II 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.

*Harper & Pearson Company, P.C.*

Houston, Texas  
May 25, 2011

**WOODLANDS SECURITIES CORPORATION**  
**STATEMENT OF FINANCIAL CONDITION**  
**MARCH 31, 2011**

---

**ASSETS**

Cash and cash equivalents	\$ 190,151
Deposits with clearing organization	6,000
Receivables for commissions and fees	12,286
Prepaid expenses and other receivables	28,997
Note receivable from related party	54,268
Furniture, fixtures and equipment, net of accumulated depreciation of \$84,918	<u>33,474</u>
 TOTAL ASSETS	 <u>\$ 325,176</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**LIABILITIES**

Accounts payable and other liabilities	\$ 44,821
Commissions payable	<u>6,295</u>
 TOTAL LIABILITIES	 <u>51,116</u>

**STOCKHOLDERS' EQUITY**

Common stock, \$1 par value, 100,000 shares authorized and 1,000 shares issued and outstanding	1,000
Additional paid-in capital	6,107
Retained earnings	<u>266,953</u>
 TOTAL STOCKHOLDERS' EQUITY	 <u>274,060</u>

<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 325,176</u></b>
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The accompanying notes are an integral part of the financial statements.

**WOODLANDS SECURITIES CORPORATION**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED MARCH 31, 2011**

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REVENUES	
Commissions and fees	\$ 1,000,990
Interest and dividends	21,005
Other income	<u>394,853</u>
TOTAL REVENUE	<u>1,416,848</u>
EXPENSES	
Employee compensation and benefits	456,582
Clearance fees	16,934
Commission expense	494,450
Communications and data processing	108,082
General and administrative	<u>306,077</u>
TOTAL EXPENSES	<u>1,382,125</u>
INCOME BEFORE INCOME TAX EXPENSE	34,723
INCOME TAX EXPENSE	<u>6,138</u>
NET INCOME	<u>\$ 28,585</u>

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

**WOODLANDS SECURITIES CORPORATION**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE YEAR ENDED MARCH 31, 2011**

---

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, March 31, 2010	\$ 1,000	\$ 6,107	\$ 238,368	\$ 245,475
Net income	-	-	28,585	28,585
Balance, March 31, 2011	<u>\$ 1,000</u>	<u>\$ 6,107</u>	<u>\$ 266,953</u>	<u>\$ 274,060</u>

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

**WOODLANDS SECURITIES CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2011**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income	\$ 28,585
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	11,915
Gain on disposal of property	(75)
Changes in operating assets and liabilities	
Receivables for commissions and fees	3,937
Prepaid expenses and other receivables	(12,846)
Accounts payable and other liabilities	20,348
Commissions payable	<u>(1,249)</u>
Net cash provided by operating activities	<u>50,615</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of furniture, fixtures and equipment	(14,238)
Proceeds from sale of furniture, fixtures and equipment	<u>1,133</u>
Net cash used by investing activities	<u>(13,105)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>37,510</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u><b>152,641</b></u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>\$ 190,151</b></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>	
Cash paid during the year for:	
Income tax	<u>\$ 6,138</u>

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

NOTE A ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization - Woodlands Securities Corporation (the Company) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is located in the Woodlands, Texas, and was incorporated under the laws of the State of Texas on April 26, 1988.

Basis of Accounting - The Company maintains its accounts on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accounting principles followed by the Company and the methods of applying those principles, which materially affect the determination of financial position, results of operations and cash flows are summarized below:

Statement Presentation - An unclassified statement of financial condition is presented in accordance with industry standards.

Cash and Cash Equivalents - The Company considers all highly liquid investments, such as cash interest-bearing demand deposits and money market funds to be cash equivalents.

Revenue Recognition - Commissions are recognized when trades settle and receivables are recorded at that time.

Income Taxes - The provision for federal income taxes is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. The State of Texas instituted a margin tax in 2007 calculated on revenue, less certain qualifying deductions. Texas margin tax was insignificant for 2011.

Generally accepted accounting principles (GAAP) provide detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. GAAP requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The Company believes that all significant tax positions utilized by the Company will more likely than not be sustained upon examination. As of March 31, 2011, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2008 forward (with limited exceptions). Tax penalties and interest, if any, would be accrued as incurred and would be classified as tax expense in the statement of income.

Fixed Assets and Depreciation - Fixed assets are recorded at cost. Depreciation is provided on a straight-line basis using estimated useful lives of five to seven years. During 2010, the Company retired \$92,238 in fully depreciated assets.

Estimates - The preparation of financial statements 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 - The Company has evaluated subsequent events through May 25, 2011, the date the financial statements were available to be issued. No subsequent events occurred, which require adjustment or disclosure to the financial statements at March 31, 2011.

**WOODLANDS SECURITIES CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2011**

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**NOTE B            DEPOSITS WITH CLEARING ORGANIZATION**

As of March 31, 2011, Woodlands Securities Corporation had cash on deposit in a clearance account with Southwest Securities, Inc. in the amount of \$6,000. Southwest Securities, Inc. is located in Dallas, Texas and is a member of the FINRA, Midwest Stock Exchange, New York Exchange, Inc., American Stock Exchange, Inc., Pacific Stock Exchange and is registered with the SEC. According to the Clearing Agreement between Southwest Securities, Inc. and the Company, Southwest Securities, Inc. is responsible for executing, clearing and settling securities transactions on a fully disclosed basis for the accounts of the Company.

**NOTE C            RETIREMENT PLAN**

The Company provides employees the opportunity to enroll in a Simple IRA plan for retirement. The Simple IRA assets are fully vested and may be withdrawn at any time subject to taxes and penalties. The participants are generally required to begin taking minimum distributions from their Simple IRA upon attainment of age seventy and a half (70 1/2) in accordance with Internal Revenue Service regulations. The Company matches the participating employees' contributions up to three percent (3%) of the employees' compensation. The Company contributed \$9,738 to the participating employees' Simple IRAs during the year ended March 31, 2011.

**NOTE D            NET CAPITAL REQUIREMENTS**

Under Rule 15c3-1, the Company must maintain at all times a minimum net capital of \$5,000 and an aggregate indebtedness ratio of no greater than 15 to 1. The following is a summary of the Company's actual capital compared with required capital amounts as of March 31, 2011.

Net Capital - Actual (Schedule I)	\$ 148,767
Net Capital - Required (Schedule I)	<u>5,000</u>
Excess Net Capital	<u>\$ 143,767</u>
Aggregate Indebtedness to Net Capital	<u>.34 to 1</u>

**NOTE E CREDIT RISK**

Financial instruments which subject the Company to concentrations of credit risk consist principally of trade receivables and cash and cash equivalents. The Company places its cash and cash equivalents with high credit quality financial institutions. Deposits with these financial institutions may exceed the amount of federal deposit insurance provided on such deposits; however, these deposits typically may be redeemed upon demand and therefore, bear minimal risk. In monitoring this credit risk, the Company periodically evaluates the stability of the financial institutions.

Generally, no collateral or other security is required to support customer receivables. To reduce credit risk, a customer's credit history is reviewed before extending credit. There was no allowance for doubtful accounts at March 31, 2011 as management believes all amounts are collectible. For the year ended March 31, 2011, revenue received from a related party represented 46% of the Company's total revenue.

The Company is engaged in various trading and brokerage activities in which the counter parties primarily include banks, other financial institutions and individuals. In the event a counter party does not fulfill its obligations, the Company may be exposed to risk. The risk of default depends on the credit worthiness of the counter party or issuer of the instrument. It is the Company's policy to review the credit standings of each counter party.

**NOTE F RESERVE REQUIREMENTS**

Woodlands Securities Corporation is not obligated to report under SEC rule 15c3-3 since it does not maintain customer accounts or hold securities. Therefore, the Company does not have a reserve requirement nor does it have any requirement to disclose information relating to the possession or control requirement under rule 15c3-3. The Company clears all customer transactions through a broker-dealer, Southwest Securities, Inc., on a fully disclosed basis as required for exemption under SEC rule 15c3-3(k)(2)(ii).

**NOTE G RELATED PARTY TRANSACTIONS**

Woodlands Securities Corporation (the "Company") is affiliated with Woodlands Asset Management, Inc. (WAMI) and Woodlands Financial Services, Inc. (WFSI) through common ownership. During the fiscal year ending March 31, 2011, the Company received \$354,309 from WAMI for shared overhead expenses and office space and received revenues of \$295,290 from WFSI for private offerings. These amounts are reflected as other income in the accompanying statement of income.

A note receivable has been recorded for the benefit of a stockholder in the amount of \$54,268. Interest is 2.45%, payable annually and principal due on demand.

**WOODLANDS SECURITIES CORPORATION**  
**SCHEDULE I**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**MARCH 31, 2011**

<b>NET CAPITAL</b>	
Total stockholders' equity qualified for net capital	\$ <u>274,060</u>
Total capital and allowable subordinated liabilities	274,060
Deductions and/or charges	
Nonallowable assets:	
Receivables from non-customers	(5,991)
Prepaid expenses and other receivables	(28,997)
Note receivable from related party	(54,268)
Furniture fixture and equipment, net	(33,474)
Other deductions or charges	<u>(154)</u>
<b>NET CAPITAL BEFORE HAIRCUTS ON SECURITIES POSITION</b>	<b>151,176</b>
Haircuts on securities	<u>(2,409)</u>
<b>Net capital</b>	<b>\$ <u>148,767</u></b>
<b>COMPUTATION ON BASIC NET CAPITAL REQUIREMENTS</b>	
Minimum net capital required (1/15th of total aggregate indebtedness)	\$ <u>3,408</u>
Minimum dollar net capital requirement	\$ <u>5,000</u>
Net capital requirement (greater of above two minimum requirement amounts)	\$ <u>5,000</u>
Excess net capital	\$ <u>143,767</u>
Ratio: Aggregate indebtedness to net capital	<u>.34 to 1</u>

Note: The above computation does not differ materially from the computation of net capital under Rule 15c3-1 as of March 31, 2011, filed with the Securities and Exchange Commission by the Partnership on Part IIA of Form X-17a-5.

**WOODLANDS SECURITIES CORPORATION**  
**SCHEDULE II**  
**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS**  
**AND INFORMATION RELATING TO POSSESSION OR CONTROL OF SECURITIES**  
**UNDER RULE 15C3-3 OF THE SECURITIES AND EXCHANGE COMMISSION**  
**MARCH 31, 2011**

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Exemption Provisions

The Company has claimed an exemption from Rule 15c3-3 under Section (k)(2)(ii), in which all customer transactions are cleared through another broker-dealer on a fully-disclosed basis.