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

SEC FILE NUMBER
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Washington, DC
106

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 02/08/2011 AND ENDING 12/31/11
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER DEALER:

Town Hall Capital, LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

570 Lexington Avenue, 16th Floor
(No. and Street)

New York
(City)

New York
(State)

10022
(Zip Code)

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

Eileen Mancera

212-715-0495

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

BDO USA, LLP

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

5430 Wade Park Boulevard, Suite 208

Raleigh

North Carolina

27607

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not in residence 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).

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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OATH OR AFFIRMATION

I, Eileen Mancera, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Town Hall Capital, LLC, as of December 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:

Eil Mancera
Signature

Chief Executive Officer
Title

Kenneth Merlo
Notary Public

KENNETH MERLO
NOTARY PUBLIC-STATE OF NEW YORK
No. 02ME5076765
Qualified in New York County
Commission Expires June 09, 2011

This report** contains (check all applicable boxes)

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (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.
- (o) Independent Auditors' Report on internal control required by SEC Rule 17a-5.

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

Town Hall Capital, LLC

Statement of Financial Condition

As of December 31, 2011

FILED PURSUANT TO RULE 17a-5(e)(3) AS A PUBLIC DOCUMENT.

Town Hall Capital, LLC

Statement of Financial Condition

As of December 31, 2011

Town Hall Capital, LLC

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5430 Wade Park Boulevard
Suite 208
Raleigh, NC 27607

Independent Auditors' Report

The Members
Town Hall Capital, LLC

We have audited the accompanying statement of financial condition of Town Hall Capital, LLC (the "Company") as of December 31, 2011 that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 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 on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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 statement of financial condition referred to above presents fairly, in all material respects, the financial position of Town Hall Capital, LLC as of December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

BDO Wt, LLC

Certified Public Accountants

February 27, 2012

Statement of Financial Condition

Town Hall Capital, LLC
Statement of Financial Condition

<i>December 31,</i>	<i>2011</i>
Assets	
Cash	\$ 124,049
Accounts receivable	233,060
Prepaid and other current assets	43,659
Fixed assets, net of accumulated depreciation	19,987
Total Assets	\$ 420,755
Liabilities and Members' Equity	
Accrued commissions payable	\$ 138,885
Accounts payable and accrued expenses	24,107
Unearned revenue	10,000
Total Liabilities	172,992
Total Members' Equity	247,763
Total Liabilities and Members' Equity	\$ 420,755

See accompanying notes to financial statements.

Town Hall Capital, LLC

Notes to Financial Statements

1. Summary of Business Activities and Significant Accounting Policies

Town Hall Capital Management, LLC (the "Company") is a limited liability company incorporated in the State of Delaware. The Company is a registered broker-dealer regulated by the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation. The Company was incorporated on February 12, 2010 and commenced operations as a registered broker-dealer upon receipt of its membership agreement with FINRA on February 8, 2011.

Town Hall Holdings, LLC, an affiliate of Morgan Creek Capital Management, LLC ("Morgan Creek"), is the majority owner of the Company.

The Company is a placement agent raising capital primarily from institutional investors for interests in private equity funds and private equity fund of funds (collectively, "Private Equity Funds") and hedge funds and hedge fund of funds (collectively, "Hedge Funds") that are not publicly traded. In addition, the Company serves as the distributor for a Morgan Creek-sponsored closed-end registered investment company.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures made in the accompanying notes. Actual results could differ from those estimates.

Cash

Cash represents balances held in demand accounts at financial institutions, and, at times, may exceed the federally insured amounts. The Company maintains bank accounts at financial institutions; although these financial institutions may have credit risk, the Company has not experienced any losses to date.

Accounts Receivable

Accounts receivable are comprised of receivables for placement fees and distribution fees, retainers, and expense reimbursements. Certain placement fees are paid over multiple years and are discounted to reflect net present value. The Company evaluates collectability of its accounts receivable and determines if an allowance for uncollectible accounts is necessary based on historical payment information or known customer financial concerns.

Town Hall Capital, LLC

Notes to Financial Statements

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and amortization. Depreciation is calculated on a straight-line basis over the estimated useful lives of 5 years for equipment and software and 7 years for furniture and fixtures.

The Company reviews its long-lived assets, including property and equipment, whenever changes in events or circumstances indicate that the carrying amount of assets may not be fully recoverable in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 360-10, *Property, Plant and Equipment*. The Company did not record any long-lived asset impairment during the period ended December 31, 2011.

Concentration of Credit Risk

The Company derives its revenues from a small number of clients and there is a concentration of receivables associated with these clients.

Income Taxes

The Company is a limited liability company and has elected to be treated as a partnership for federal and state income tax purposes. As such, the members are individually liable for reporting their share of the Company's net income.

In accordance with ASC 740, *Income Taxes*, management has analyzed the Company's inventory of tax positions taken with respect to all applicable income tax issues for all open tax years (in each respective jurisdiction), and has concluded that no provision for income tax is required in the Company's financial statements.

The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the statement of income. During the year, the Company did not accrue any interest or penalties.

2. Fixed Assets

<i>December 31,</i>		2011
Equipment and software	\$	15,738
Furniture and fixtures		7,117
		22,855
Less accumulated depreciation		(2,868)
Total	\$	19,987

Town Hall Capital, LLC

Notes to Financial Statements

3. Lease Commitments

The Company leases its office space primarily under a non-cancelable operating lease, which expires during 2012. Future minimum payments under this lease amount to \$45,500. The Company does not have any other non-cancelable lease commitments with terms of one year or more as of December 31, 2011.

4. Related Party Transactions

Morgan Creek made \$21,978 of purchases on behalf of the Company during the period ended December 31, 2011. The Company has reimbursed Morgan Creek \$19,216 for these purchases with an additional \$2,762 currently included in "Accounts payable and accrued expenses" on the Statement of Financial Condition.

5. Regulatory Net Capital Requirement

The Company is subject to the SEC's Uniform Net Capital Rule, Rule 15c3-1, which requires the Company to maintain minimum net capital, as defined, as the greater of \$5,000 or 12.5% of aggregated indebtedness, as defined. At December 31, 2011, the Company had regulatory net capital of \$89,942 and a required minimum regulatory net capital of \$16,524.

The Company does not carry customer accounts and does not otherwise hold funds or securities for, or owe money to, customers and, accordingly, is exempt from SEC Rule 15c3-3, under the provision in section k(2)(i).

6. Subsequent Events

The Company has evaluated subsequent events for the year ended December 31, 2011 through February 23, 2012, which was the date the financial statements were available to be issued. No events or transactions have occurred or are pending that would have a material effect on the financial statements at that date or for the period then ended.