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

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

SEC FILE NUMBER 8-65850

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FEB 29 2012

Washington, DC

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 01/01/2011 AND ENDING 12/31/2011 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Transcend Capital, LLC

OFFICIAL USE ONLY FIRM ID. NO.

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

6500 River Place Blvd., Building 4, Suite 102

(No. and Street)

Austin

Texas

78730

(City)

(State)

(Zip Code)

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

Vernon H. Jones Jr.

(512) 623-7774

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

PMB Helin Donovan, LLP

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

5918 West Courtyard Drive, Ste 500

Austin

Texas

78730

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

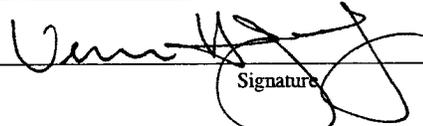
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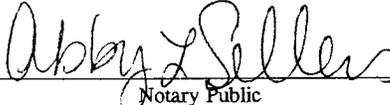
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

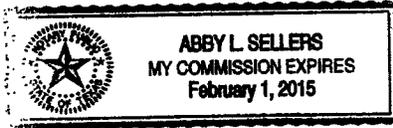
OATH OR AFFIRMATION

I, Vernon H. Jones Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of **Transcend 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:

NONE

  
Signature  
CEO  
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 Proprietor's 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).



**TRANSCEND CAPITAL, LLC**

**Financial Statements and Supplementary Schedules  
December 31, 2011**

**(With Independent Auditor's Report Thereon)**

**TRANSCEND CAPITAL, LLC**  
Index to Financial Statements and Supplemental Schedules  
December 31, 2011

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Transcend Capital, LLC:

We have audited the accompanying statement of financial condition of Transcend Capital, LLC (the "Company") as of December 31, 2011, and the related statements of operations, 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 Transcend Capital, LLC as of December 31, 2011, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in Schedule 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**PMB Helin Donovan, LLP**

*PMB Helin Donovan, LLP*

Austin, Texas  
February 28, 2012

**TRANSCEND CAPITAL, LLC**  
Statement of Financial Condition  
December 31, 2011

<b>ASSETS</b>	
Cash	\$ 1,240,411
Receivable from clearing broker dealer	1,661,378
Deposit with clearing company	250,000
Due from an affiliate	28,000
Other receivables and advances	2,375
Prepaid expenses	107,876
Deposits	19,360
Property and equipment, net	<u>44,234</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,353,634</u></b>
 <b>LIABILITIES AND MEMBERS' EQUITY</b>	
<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ 572,661
Commission payable	133,497
Payable to broker-dealers	1,694,016
State income taxes payable	<u>33,996</u>
Total liabilities	<u>2,434,170</u>
<b>Members' Equity</b>	<u>919,464</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b><u>\$ 3,353,634</u></b>

See accompanying notes to financial statements

**TRANSCEND CAPITAL, LLC**  
Statement of Operations  
For the Year Ended December 31, 2011

**REVENUES**

Commissions	\$ 10,000,549
Other	<u>1,207,991</u>

Total revenues 11,208,540

**EXPENSES**

Commission and clearance expenses	6,674,818
Clearing and execution fees	1,684,193
Research	628,623
Professional services	681,787
Dues and subscriptions	196,081
License and registration	221,878
Occupancy and equipment costs	101,638
Other expenses	<u>919,009</u>

Total expenses 11,108,027

NET INCOME BEFORE INCOME TAX 100,513

Income tax expense 36,625

**NET INCOME** \$ 63,888

See accompanying notes to financial statements

**TRANSCEND CAPITAL, LLC**  
Statement of Changes in Members' Equity  
For the Year Ended December 31, 2011

Balance at December 31, 2010	\$ 964,342
Distributions	(108,766)
Net income	<u>63,888</u>
Balance at December 31, 2011	<u><u>\$ 919,464</u></u>

See accompanying notes to financial statements

**TRANSCEND CAPITAL, LLC**  
Statement of Cash Flows  
For the Year Ended December 31, 2011

<b>Cash flows from operating activities:</b>	
Net income	\$ 63,888
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation	10,910
Changes in operating assets:	
Receivable from clearing broker dealer	(460,030)
Other receivables and advances	60,201
Due from an affiliate	(19,250)
Prepaid expenses	(29,589)
Deposits	(8,878)
Changes in operating liabilities:	
Accounts payable and accrued expenses	404,435
Commission payable	(354,396)
Payable to broker-dealers	1,250,823
Securities sold, not yet purchased	(29,645)
State income taxes payable	<u>31,368</u>
<b>Net cash provided by operating activities</b>	<u>919,837</u>
<b>Cash flows from investing activities:</b>	
Purchases of property and equipment	<u>(34,847)</u>
<b>Net cash used in operating activities</b>	<u>(34,847)</u>
<b>Cash flows from financing activities:</b>	
Distributions from members' equity	<u>(108,766)</u>
<b>Net cash used in financing activities</b>	<u>(108,766)</u>
Net increase in cash	776,224
Cash at beginning of year	<u>464,187</u>
<b>Cash at end of year</b>	<u><u>\$ 1,240,411</u></u>
<b>Supplemental Disclosures of Cash Flow Information:</b>	
Interest paid	<u>\$ -</u>
Income taxes paid	<u>\$ 2,629</u>

See accompanying notes to financial statements

**TRANSCEND CAPITAL, LLC**  
Notes to the Financial Statements  
December 31, 2011

**Note 1 - Nature of Business**

Transcend Capital, LLC (the “Company”) is a broker-dealer in securities registered with the Securities and Exchange Commission (“SEC”) and Commodity Futures Trading Commission (“CFTC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”) and National Futures Association (“NFA”). The Company was a limited partnership organized under the laws of the State of Delaware on March 28, 2000, but the Company changed to a limited liability company organized under the laws of the State of Texas on April 13, 2010.

The Company is a full-service brokerage firm that specializes in offering execution services for market professionals. The Company offers institutional and professional traders the products and services they need to execute their trading strategies and may trade:

- Listed and OTC Equities
- Mutual Funds
- Options
- Bonds
- Futures

However, the Company also offers brokerage services to individual investors who do not trade the markets as actively as institutional and professional traders.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Accounting***

These financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Revenues are recognized in the period earned and expenses when incurred.

***Use of Estimates***

The preparation of the 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 reported period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

Cash and cash equivalents include cash and highly liquid investments with a maturity at date of purchase of ninety days or less. The Company considers highly liquid investments in money market funds to be cash equivalents.

***Trading Profit***

Trading profits include gains and losses on securities traded as well as adjustments to record securities positions at market value. Dividends are recorded on the ex-dividend date.

The Company’s investments are stated at fair value. However, interpreting market data to estimate fair value requires considerable judgment. Accordingly, the estimates presented herein do not necessarily indicate the amounts that the Company could realize in a current market exchange. The use of different market assumptions and estimation methodologies may have a material effect on the estimated fair value amounts.

**TRANSCEND CAPITAL, LLC**  
Notes to the Financial Statements  
December 31, 2011

**Note 2 - Summary of Significant Accounting Policies (continued)**

***Revenue Recognition***

Agency commission revenue and related expenses from customer security transactions are recorded on a settlement date basis, which is generally the third business day following the transaction. If materially different, security transactions and their related commission income and expenses are recorded on a trade date basis.

The Company does not carry or clear customer accounts, and all customer transactions are executed and cleared with other brokers on a fully disclosed basis. These brokers have agreed to maintain such records of the transactions effected and cleared in the customers' accounts as are customarily made and kept by a clearing broker pursuant to the requirements of Rules 17a-3 and 17a-4 of the Securities and Exchange Commission and to perform all services customarily incident thereto.

***Property and Equipment***

Property and equipment are carried at cost less accumulated depreciation. Depreciation is recognized using the straight-line method over the estimated useful lives of the related assets (three to five years), except for leasehold improvements, which are depreciated straight-line over the shorter of the estimated useful life or the life of the lease. Expenditures for repairs and maintenance and minor replacements are charged to expense as incurred.

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the statements of financial condition, reported at the lower of the carrying amount or fair value less costs to sell, and no longer depreciated.

***Financial Instruments and Credit Risk***

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers and other financial institutions. In the event that counterparties 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.

Financial instruments that potentially subject the Company to credit risk include cash and cash equivalents, receivables from broker-dealers and clearing organizations, concessions receivable, securities owned and securities sold but not yet purchased, and advances to and notes from employees. The Company had cash and cash equivalents balances in excess of federally insured limits as of December 31, 2011.

***Advertising***

The Company expenses advertising as incurred. Advertising and direct marketing costs totaled \$195 for the year ended December 31, 2011.

**TRANSCEND CAPITAL, LLC**  
Notes to the Financial Statements  
December 31, 2011

**Note 2 - Summary of Significant Accounting Policies (continued)**

***Income Taxes***

The Company was formed as a Texas limited liability company. The Company has elected to be taxed as a Subchapter S corporation under the provisions of Subchapter S of the Internal Revenue Code. As a result, the members of the Company pay all Federal income tax expense. During 2011, the Company recorded no federal or state income tax expense.

For the year ended December 31, 2011, the Company recorded \$33,996 under the Texas margin tax.

***Fair Value Measurements***

The fair value of the Company's financial instruments reflects the amounts that the Company estimates to receive in connection with the sale of an asset or paid in connection with the transfer of a liability in an orderly transaction between market participants at the measurement date (exit price). The fair value hierarchy that prioritizes the use of inputs used in valuation techniques is as follows:

Level 1 – quoted prices in active markets for identical assets and liabilities;

Level 2 – observable inputs other than quoted prices in active markets, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data;

Level 3 – unobservable inputs reflecting management's assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

The carrying amounts of the Company's financial instruments, which include cash and cash equivalents, receivables from broker-dealers, other assets, due to broker-dealers, accounts payable and accrued expenses, approximate their fair values due to their short maturities.

***Management Review***

The Company has evaluated subsequent events through February 28, 2012, the date the financial statements were available to be issued.

***Recent Accounting Pronouncements***

Accounting standards that have been issued or proposed by the Financial Accounting Standards Board ("FASB") or other standards-setting bodies are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

**Note 3 - Clearing Deposit**

The Company maintains a deposit account with Penson Financial Services, Inc. as part of the Company's contract for services. Penson Financial Services, Inc. requires a deposit for its services that serves as a reserve for counterparty credit risk, including default risk and settlement risk, as well as market risk to open un-hedged positions. As of December 31, 2011, the deposit balance was \$250,000.

During 2011, the Company incurred exchange fees on behalf of one of their clients through Instinet, LLC ("Instinet"), a broker-dealer. The Company received fee revenue from Penson as a result of securities trades completed by their client, which settle at the end of each month. The services provided by Instinet to the Company's client are remitted by the Company after funds are received from Penson. The outstanding balance of \$1,694,016, is the amount due to Instinet under this arrangement, recorded as due to broker-dealer in the accompanying statement of financial condition.

**TRANSCEND CAPITAL, LLC**  
Notes to the Financial Statements  
December 31, 2011

**Note 4 - Property and Equipment**

Property and equipment consists of the following as of December 31, 2011:

Computer equipment	\$	35,918
Furniture and fixtures		11,335
Leasehold improvements		6,047
Computer software		1,973
Office equipment		2,859
Total property and equipment		<u>58,132</u>
Accumulated depreciation		(13,898)
Net property and equipment	\$	<u>44,234</u>

Depreciation expense was \$10,910 for the year ended December 31, 2011 and is included in occupancy and equipment costs in the accompanying statement of operations.

**Note 5 - Related Party Transactions**

An agreement between the Company and Transcend Capital Management (the "Parent") was entered into in which the Parent performs management services. Total fees paid under this agreement were \$12,000 for the year ended December 31, 2011 and are recorded in professional services in the statement of operations.

In addition, the Company agreed to pay related parties consulting and professional services fees for services provided. Total fees under these agreements were \$126,023 for the year ended December 31, 2011.

The Company has an advance to an affiliate of \$28,000 at December 31, 2011.

**Note 6 - Off Statement of Financial Condition Risk and Concentrations**

The Company's customers' securities transactions are introduced on a fully disclosed basis with its clearing organization. The clearing organization carries all of the accounts of the customers of the Company and is responsible for execution, collection and payment of funds, and receipt and delivery of securities relative to customer transactions. Off statement of financial condition risk exists with respect to these transactions due to the possibility that customers may be unable to fulfill their contractual commitments wherein the clearing organization may charge any losses it incurs to the Company. The Company seeks to minimize this risk through procedures designed to monitor the credit worthiness of its customers and to ensure that customer transactions are executed properly by the clearing organization. Included in the Company's clearing agreement with its clearing organization is an indemnification clause. This clause relates to instances where the Company's customers fail to settle security transactions. In the event this occurs, the Company will indemnify the clearing organization to the extent of the net loss on any unsettled trades. As of December 31, 2011, the Company had not been notified by the clearing organization about any potential losses relating to this indemnification, and the Company was not otherwise aware of any potential losses relating to this indemnification. The Company has \$1,911,378 or approximately 57% of its total assets in receivable from clearing broker dealer, deposit with clearing company and commissions receivable by its clearing organization as of December 31, 2011.

**TRANSCEND CAPITAL, LLC**  
Notes to the Financial Statements  
December 31, 2011

**Note 7 - Commitments and Contingencies**

***Leases***

The Company leases office space under several operating leases expiring in September 2012 through April 2013. The Company recognizes rent expense on a straight-line basis over the lease term. Total rent expense under the leases was \$84,700 for the year ended December 31, 2011.

Future minimum lease payments under the noncancelable operating leases are as follows for the year ending December 31:

2012	\$ 73,472
2013	<u>20,441</u>
Total minimum lease payments	<u>\$ 93,913</u>

**Note 8 - Net Capital Requirements**

The Company, as a registered fully licensed broker and dealer in securities, is subject to the SEC Uniform Net Capital Rule ("Rule 15c3-1"). Under this rule, the Company is required to maintain a 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 12 to 1. At December 31, 2011, the minimum net capital requirement for the Company was \$162,278. Net capital at December 31, 2011 aggregated \$712,587. The Company's ratio of aggregate indebtedness to net capital was 3.42 to 1 at December 31, 2011.

## Schedule I

**TRANSCEND CAPITAL, LLC**  
Computation Net Capital and Aggregate Indebtedness  
Pursuant to Rule 15c-1 of the Securities and Exchange Commission  
For the Year Ended December 31, 2011

Total members' equity qualified for net capital	\$ 919,464
Deductions and/or charges	
Non-allowable assets:	
Due from an affiliate	28,000
Other receivables and advances	2,375
Prepaid expenses	107,876
Deposits	19,360
Property and equipment, net	44,234
Total deductions and/or charges	<u>201,845</u>
Net capital before haircuts on securities	717,619
Haircuts on securities	<u>5,032</u>
Net capital	<u>\$ 712,587</u>
Aggregate indebtedness	
Accounts payable and accrued expenses	\$ 572,661
Commission payable	133,497
Due to broker-dealers	1,694,016
State margin tax payable	<u>33,996</u>
Total aggregate indebtedness	<u>\$ 2,434,170</u>
Computation of basic net capital requirement	
Minimum net capital required (greater of \$50,000 or 6 2/3% of aggregate indebtedness)	<u>\$ 162,278</u>
Net capital in excess of minimum requirement	<u>\$ 550,309</u>
Net capital less greater of 10% of aggregate indebtedness or 120% of minimum net capital required	<u>\$ 469,170</u>
Ratio of aggregate indebtedness to net capital	<u>3.42 to 1</u>
Net capital, as reported in the Company's Part II (unaudited) Focus report filed with FINRA on January 25, 2012	\$ 746,583
Audit adjustments:	
Net effect of audit adjustments on net capital	<u>(33,996)</u>
Net capital per audit	<u>\$ 712,587</u>

See notes to the financial statements and independent auditors' report.

**Schedule II**

**TRANSCEND CAPITAL, LLC**

Computation for Determination of Reserve Requirements and Information  
Relating to Possession or Control Requirements Under Rule 15c3-3  
of the Securities and Exchange Commission  
December 31, 2011

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, pursuant to paragraph (k)(2)(ii) of the Rule.

See accompanying notes to financial statements

**INDEPENDENT AUDITORS' REPORT  
ON INTERNAL CONTROL**

To the Board of Directors of  
Transcend Capital, LLC:

In planning and performing our audit of the financial statements and supplemental schedules of Transcend Capital, LLC (the "Company") as of and for the year ended December 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 tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications and comparisons
2. Recordation of differences required by rule 17a-13
3. 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 paragraphs. 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 preparation of financial statements in accordance 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 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 were adequate at December 31, 2011 to meet the SEC's objectives.

This report is intended solely for use of the Managers, management, the SEC, the Financial Industry Regulatory Authority, Inc. 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.

**PMB Helin Donovan, LLP**

*PMB Helin Donovan, LLP*

Austin, Texas  
February 28, 2012

**Independent Accountants' Report on Applying Agreed-Upon Procedures Related to an Entity's  
SIPC Assessment Reconciliation**

To the Members of Transcend Capital, LLC:

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 ("Form SIPC-7") to the Securities Investor Protection Corporation ("SIPC") for the year ended December 31, 2011, which were agreed to by Transcend Capital, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Transcend Capital, LLC's compliance with the applicable instructions of the Form SIPC-7. Transcend Capital, LLC's management is responsible for the Transcend Capital, LLC'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 finding are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement record entries noting no differences;
2. Compared the amounts reported on the quarterly Forms X-17A-5 for the year ended December 31, 2011, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2011 noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences; and
4. Proved the arithmetical accuracy of the calculations reflected in the Form SIPC-7 and in the supporting schedules and working papers supporting the adjustments noting no differences.

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 be 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.

*PMB Helin Donovan, LLP*

February 28, 2012

**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 DECEMBER 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:

TRANSCEND CAPITAL  
6500 RIVER PLACE BLVD.  
BLOG 4, STE 102  
AUSTIN, TX 78730

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.

DANTE FIGHERA 512 914-3773

WORKING COPY

2. A. General Assessment (item 2e from page 2)	\$ <u>14,958</u>
B. Less payment made with SIPC-6 filed (exclude interest)	( <u>8,890</u> )
<u>7-29-2011</u> Date Paid	
C. Less prior overpayment applied	( _____ )
D. Assessment balance due or (overpayment)	<u>6,068</u>
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)	\$ _____
G. PAID WITH THIS FORM: Check enclosed, payable to SIPC Total (must be same as F above)	\$ <u>6,068</u>
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.

TRANSCEND CAPITAL  
(Name of Corporation, Partnership or other organization)  
[Signature]  
(Authorized Signature)  
FINOP  
(Title)

Dated the 28 day of February, 2011.

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:

**DETERMINATION OF "SIPC NET OPERATING REVENUES"  
AND GENERAL ASSESSMENT**

Amounts for the fiscal period  
beginning JANUARY, 2011  
and ending DECEMBER, 2011

Eliminate cents

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

\$ 11,208,537

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):

25,543.00

5,198,594.12

(Deductions in excess of \$100,000 require documentation)

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ 1,059

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ 1

Enter the greater of line (i) or (ii)

1,059

Total deductions

5,225,196

2d. SIPC Net Operating Revenues

\$ 8,983,341

2e. General Assessment @ .0025

\$ 14,958

(to page 1, line 2.A.)