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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 8-67360

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 01/01/11 AND ENDING 12/31/11 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: NC Securities, LLC

OFFICIAL USE ONLY FIRM I.D. NO.

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

3 Bethesda Metro Center, Suite 500

(No. and Street)

Bethesda

Maryland

20814

(City)

(State)

(Zip Code)

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

Wendy Albertini

240

395-2399

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

E. Cohen and Company, CPA's

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

One Research Court, Suite 101

Rockville

MD

20850

(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)

SEC 1410 (06-02)

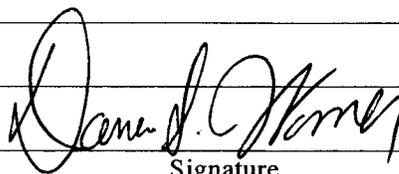
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n.a. 2/17

OATH OR AFFIRMATION

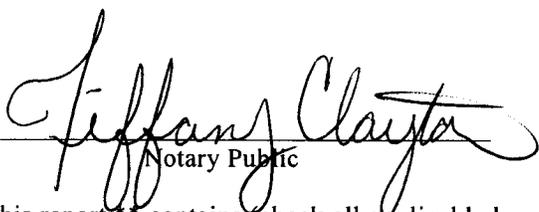
I, Darren Womer, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of NC Securities, LLC, as of December 31, 2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None

  
Signature

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).

**NC SECURITIES, LLC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

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## Independent Auditor's Report

To the Member and Directors of  
NC Securities, LLC  
Bethesda, Maryland

We have audited the accompanying statement of financial condition of NC Securities, LLC as of December 31, 2011, and the related statements of operations, member's equity, and cash flows for the year then ended. These financial statements are the responsibility of the management of NC Securities, LLC. 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 NC Securities, 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.

*E. Cohen and Company, CPAs*

January 18, 2012

# NC SECURITIES, LLC

## STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2011

### ASSETS

Current assets	
Cash	\$ 12,525
Prepaid expenses	<u>865</u>
<b>Total current assets</b>	<u>13,390</u>
<b>Total assets</b>	<u><u>\$ 13,390</u></u>

### LIABILITIES AND MEMBER'S EQUITY

Current liabilities	
Accounts payable	<u>\$ -</u>
<b>Total current liabilities</b>	<u>-</u>
<b>Member's equity</b>	<u>13,390</u>
<b>Total liabilities and member's equity</b>	<u><u>\$ 13,390</u></u>

See independent auditor's report and notes to the financial statements.

**NC SECURITIES, LLC**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2011**

<b>Revenue</b>	<u>\$ 140,000</u>
Operating expenses	
Regulatory compliance	3,830
Overhead allocation from Parent company	24,713
Other expenses	<u>9,568</u>
<b>Total operating expenses</b>	<u>38,111</u>
<b>Net income</b>	<u><u>\$ 101,889</u></u>

See independent auditor's report and notes to the financial statements.

## NC SECURITIES, LLC

### STATEMENT OF MEMBER'S EQUITY YEAR ENDED DECEMBER 31, 2011

Balance, beginning of year	\$ 8,288
Net income for the year	101,889
Capital contributions for the year	34,213
Capital distributions for the year	<u>(131,000)</u>
<b>Balance, end of year</b>	<b><u><u>\$ 13,390</u></u></b>

See independent auditor's report and notes to the financial statements.

**NC SECURITIES, LLC**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2011**

Cash flows from operating activities	
Net income	\$ 101,889
Adjustments to reconcile net income to net cash provided by operating activities	
Monthly overhead costs funded by capital contributions from the Parent company	24,713
Decrease in prepaid expenses	<u>350</u>
<b>Net cash provided by operating activities</b>	<u>126,952</u>
Cash flows from financing activities	
Capital contributions from Parent company	9,500
Capital distributions to Parent company	<u>(131,000)</u>
<b>Net cash used in financing activities</b>	<u>(121,500)</u>
Net increase in cash	5,452
Cash, beginning of year	<u>7,073</u>
<b>Cash, end of year</b>	<u><u>\$ 12,525</u></u>

See independent auditor's report and notes to the financial statements.

# NC SECURITIES, LLC

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2011

### 1. Organization

NC Securities, LLC (the Company) was organized on September 28, 2005, pursuant to the laws of the State of Delaware. On November 16, 2006, the Company became a registered broker/dealer entity under the regulations of the NASD, now FINRA, the Financial Industry Regulatory Authority.

### 2. Summary of significant accounting policies

#### Cash and cash equivalents

The Company considers all cash and investment accounts with original maturities of three months or less to be cash equivalents.

#### Use of accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

#### Income taxes

The Company is a limited liability company which is a pass-through entity for Federal and Maryland income tax reporting. Pass-through entities are not subject to Federal income taxes. Most states, including Maryland, also treat pass-through entities consistently with the Federal regulations. Any income or loss of pass-through entities is reported in the tax returns of the owners of the entity.

The Company, as a "single member LLC", is included in the tax return of the Parent company and does not file separate income tax returns. These tax returns for the years 2008 – 2010 remain subject to examination by the Internal Revenue Service and the State of Maryland. The 2011 Federal and state tax returns have not yet been filed.

The Company does not have any uncertainties in income taxes nor are there any unrecognized tax benefits to be disclosed as of December 31, 2011.

## NC SECURITIES, LLC

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED DECEMBER 31, 2011

#### 3. Related party relationships and transactions

The Company is wholly-owned by National Capital Company, LLC ("NCC") and was formed to be the broker dealer entity for merger and acquisition transactions entered into by NCC that were deemed to be "sales of securities". Under this arrangement, the Company is dependent on NCC for future revenue, since the Company does not independently market its services.

NCC has funded the formation and operations of the Company through contributions to capital. The Company's ability to continue in business is dependent on NCC's continued capital contributions and/or NCC entering into transactions from which the Company will earn revenue.

NCC provides office space and administrative services to the Company under a Management Services Agreement, as amended, that required monthly charges to the Company by NCC of \$2,000. During 2011, the Agreement was amended to increase the monthly charge to \$2,237.50 based on additional charges for salaries of NCC personnel who provide services to the Company. NCC has agreed that these charges will be funded by an equal monthly contribution of capital to the Company.

As of December 31, 2011, there are no amounts due to or from NCC.

#### 4. Net capital requirement

The Company is subject to SEC Rule 15c3, which requires the maintenance of minimum net capital in an amount equal to the greater of \$5,000 or 1/15 of total aggregate indebtedness. The Rule also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1.

At December 31, 2011, the Company had net capital, as defined, of \$12,525, which was \$7,525 in excess of its required net capital of \$5,000. The Company's year end ratio of aggregate indebtedness to net capital was zero to 1.

#### 5. Subsequent events

Management of the Company has evaluated events or transactions that occurred after December 31, 2011, through January 18, 2012, the date the financial statements were available to be issued, and has determined that there are no subsequent events or transactions that should be disclosed in the financial statements.



**E. COHEN**

AND COMPANY, CPAs

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## **Independent Auditor's Report on Supplementary Information**

To the Member and Directors of  
NC Securities, LLC  
Bethesda, Maryland

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 9 and 10 is presented as required by Form X-17A-5 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*E. Cohen and Company, CPAs*

January 18, 2012

# NC SECURITIES, LLC

## SUPPLEMENTARY INFORMATION DECEMBER 31, 2011

### Computation of net capital

Total ownership equity from Statement of Financial Condition	\$ 13,390
Deduct ownership equity not allowable for Net Capital	-
Total ownership equity qualified for Net Capital	<u>13,390</u>
Add:	
Liabilities subordinated to claims of general creditors	-
Other allowable credits	-
Deduct:	
Total nonallowable assets from Statement of Financial Condition	(865)
Secured demand note deficiency	-
Commodity futures contracts and spot commodities	-
Other deductions and/or charges	-
Less haircuts on securities:	
Contractual securities commitments	-
Subordinated securities borrowings	-
Trading and investment securities	-
Undue concentration	-
Other	-
	<u>-</u>
<b>Net capital</b>	<b><u><u>\$ 12,525</u></u></b>
Aggregate indebtedness	
Other accounts payable and accrued expenses	\$ -
Items not included in financial statements	-
	<u>-</u>
<b>Aggregate indebtedness</b>	<b><u><u>\$ -</u></u></b>
Computation of basic net capital requirement	
Minimum net capital required	<u>\$ 5,000</u>
Excess net capital	<u>\$ 7,525</u>
Ratio: Aggregate indebtedness to net capital	<u>0 to 1</u>

## **NC SECURITIES, LLC**

### **SUPPLEMENTARY INFORMATION (CONTINUED) DECEMBER 31, 2011**

#### **Reconciliation of net capital**

There are no material differences between the audited Computation of Net Capital and the Company's corresponding unaudited Part IIA of Form X-17A-5 as of December 31, 2011, and accordingly, no reconciliation is required.

#### **Computation for determination of reserve requirements**

The Company is exempt from this requirement under Rule 15c3-3 under the exception provided in section (k)(2)(i), "Special Account for the Exclusive Benefit of Customers" maintained.



## **Independent Auditor's Report on Internal Control**

Member and Directors of  
NC Securities, LLC  
Bethesda, Maryland

In planning and performing our audit of the financial statements of NC Securities, LLC (the Company), as of December 31, 2011, and for the year then ended, 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 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 Reserve Regulation T of the Board of Governors of the Federal Reserve System.

## **Independent Auditor's Report on Internal Control (continued)**

The management of the Company is responsible for establishing and maintaining the 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 a 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.

**Independent Auditor's Report on Internal Control  
(continued)**

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 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, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of the Member and Directors, 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 and should not be used by anyone other than these specified parties.

*E. Cohen and Company, CPAs*

E. Cohen and Company, CPA's  
Rockville, Maryland  
January 18, 2012

**NC SECURITIES, LLC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

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**E. COHEN**  
AND COMPANY, CPAs

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