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ANNUAL AUDITED REPORT
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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: Porter White & Company, Inc.

OFFICIAL USE ONLY

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

FIRM I.D. NO.

15 Richard Arrington Jr. Blvd. N.

(No. and Street)

Birmingham

(City)

AL

(State)

35203

(Zip Code)

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

James H. White, III

205-252-3681

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Sellers Richardson Holman & West, LLP

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

216 Summit Blvd. Suite 300

(Address)

Birmingham

(City)

AL

(State)

35243

(Zip Code)

CHECK ONE:

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

FOR OFFICIAL USE ONLY

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

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, James H. White, III, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Porter White & Company, Inc., 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:

James H. White, III

Signature

Chairman of the Board, Chief Compliance Officer

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).

PORTER, WHITE & COMPANY, INC.

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SELLERS RICHARDSON HOLMAN & WEST^{LLP}

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Porter, White & Company, Inc.
Birmingham, Alabama

We have audited the accompanying statement of financial condition of Porter, White & Company, Inc. (Company) as of December 31, 2011 and the related statement of operations, stockholder's equity, changes in liabilities subordinated to claims of general creditors, 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 the Company 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 basic financial statements taken as a whole. The information contained in Schedules 1 and 2 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.

Sellers Richardson Holman & West, LLP

February 1, 2012

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The McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. The McGladrey Alliance member firms maintain their name, autonomy and independence and are responsible for their own client fee arrangements, delivery of services, and maintenance of client relationships.

PORTER, WHITE & COMPANY, INC.

Statement of Financial Condition December 31, 2011

Assets

Cash	\$	166,065
Receivables		21,405
Receivable from affiliates		8,033
Short-term investment		223,601
Investment in affiliate		18,587
Property and equipment, net		37,990
Other assets		<u>4,147</u>
Total assets	\$	<u><u>479,828</u></u>

Liabilities and Stockholder's Equity

Liabilities		
Accounts payable	\$	1,000
Accrued compensation and other expenses		232,832
Payable to affiliate		<u>126</u>
		233,958
Stockholder's Equity		
Common stock, \$1 par value; 5,000 shares authorized, 1,500 shares issued and outstanding		1,500
Additional paid-in capital		1,976,930
Accumulated deficit		<u>(1,732,560)</u>
		<u>245,870</u>
Total liabilities and stockholder's equity	\$	<u><u>479,828</u></u>

PORTER, WHITE & COMPANY, INC.

Statement of Operations Year Ended December 31, 2011

Revenues	
Investment banking and consulting	\$ 314,561
Management fee income	8,033
Interest income	11
Dividend income	5,408
Unrealized gain on short-term investment	<u>2,723</u>
	330,736
Expenses	
Salaries, commissions and related benefits	199,528
Occupancy and other office expenses	31,421
Communications	3,900
Promotional	12,005
Other expenses	35,026
Loss on disposal of equipment	1,318
Equity in loss of affiliate	<u>6,632</u>
	<u>289,830</u>
Net income	<u>\$ 40,906</u>

PORTER, WHITE & COMPANY, INC.

Statement of Stockholder's Equity Year Ended December 31, 2011

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholder's Equity</u>
Balance at December 31, 2010	\$ 1,500	\$ 1,976,930	\$ (1,116,587)	\$ 861,843
Distributions to stockholder	-	-	(656,879)	(656,879)
Net income	-	-	40,906	40,906
Balance at December 31, 2011	<u>\$ 1,500</u>	<u>\$ 1,976,930</u>	<u>\$ (1,732,560)</u>	<u>\$ 245,870</u>

PORTER, WHITE & COMPANY, INC.

Statement of Changes in Liabilities Subordinated to Claims of General Creditors
Year Ended December 31, 2011

Year ended December 31, 2011	
Balance at January 1, 2011	\$ -
Activity	-
Balance at December 31, 2011	<u>\$ -</u>

PORTER, WHITE & COMPANY, INC.

Statement of Cash Flows

Year Ended December 31, 2011

Cash Flows From Operating Activities

Net income	\$ 40,906
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	12,645
Equity in loss of affiliate	6,632
Loss on disposal of equipment	1,318
Dividends received	(5,408)
Changes in assets and liabilities:	
Receivables	110,876
Receivable from affiliates	168,836
Short-term investment	147,279
Other assets	2,957
Accounts payable	(20,175)
Accrued compensation and other expenses	165,332
Payable to affiliate	(70,579)
Total adjustments	<u>519,713</u>
Net cash provided by operating activities	560,619

Cash Flows From Investing Activities

Capital expenditures	<u>(6,594)</u>
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Cash Flows From Financing Activities

Distributions to stockholder	<u>(656,879)</u>
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Net decrease in cash (102,854)

Cash

Beginning of year	<u>268,919</u>
End of year	<u>\$ 166,065</u>

PORTER, WHITE & COMPANY, INC.

Notes to Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Porter, White & Company, Inc. (Company) is a broker dealer registered with the Securities and Exchange Commission (SEC) and is a member the Financial Industry Regulatory Authority. The Company provides investment banking and various consulting services. The Company's broker dealer operations do not carry security accounts for customers or perform custodial functions relating to customer securities. The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America (GAAP) and to general practice within the brokerage industry.

Basis of Accounting

The Company reports the results of its operations and its financial condition using the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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. Accordingly, actual results could differ from these estimates.

Investment Banking and Consulting Revenue

Revenue from investment banking and consulting projects is generated from fixed or contingent fee arrangements, hourly projects, or a combination of both. Revenue generated from fixed or contingent fee arrangements is recognized when the projects are substantially complete or when milestones are reached and no material contingencies exist. Revenue generated from hourly projects is recognized when earned. Customer billings are performed on a periodic basis consistent with the terms negotiated in the engagement agreement.

Securities Transaction Revenue

Security transactions, commission revenues and related gains, losses, and expenses are recorded on a settlement date basis by the Company. To conform to GAAP, the audited financial statements are adjusted to trade date accounting where appropriate.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. As of December 31, 2011, there were no cash equivalents.

Receivables

The Company uses the allowance method of accounting for uncollectible receivables whereby allowances are established at the time receivables are estimated to be uncollectible. Management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a

PORTER, WHITE & COMPANY, INC.

Notes to Financial Statements

charge against the existing allowance or against earnings. Management feels that all of the receivables included in the accompanying statement of financial condition are collectible and no allowance for doubtful accounts has been recorded as of December 31, 2011.

Investments

Investments in equity securities that have readily determinable fair values (publicly reported market quotations) and debt securities are classified by management as one of the following:

Held-to-maturity securities - Held-to-maturity securities are debt securities in which the Company has the positive intent and ability to hold until maturity and are stated at amortized cost.

Trading securities - Trading securities are held for resale in anticipation of short-term (generally 90 days or less) fluctuations in market prices. Trading securities, consisting primarily of actively traded equity and debt securities, are stated at fair value. Realized and unrealized gains and losses are included in income.

Available-for-sale securities - Available-for-sale securities consist of debt securities and marketable equity securities not classified as trading or held-to-maturity. Available-for-sale securities are stated at fair value, and unrealized holding gains and losses are reported as a separate component of stockholder's equity.

The Company evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. The Company employs a systematic methodology that considers available evidence in evaluating potential impairment of its investments. In the event that the cost of an investment exceeds its fair value, the Company evaluates, among other factors, the magnitude and duration of the decline in fair value; the expected cash flows of the securities; the financial health of and business outlook for the issuer; the performance of the underlying assets for interests in securitized assets; and the Company's intent and ability to hold the investment. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded in investment income and a new cost basis in the investment is established.

Investment in Affiliate

The Company is accounting for its investment in Porter White Investment Company, LP, a 7.31 percent interest, by the equity method of accounting under which the Company's share of the net income of the affiliate is recognized as income in the Company's statement of operations and added to the investment account. Additionally, any distributions from the affiliate would be treated as a reduction of the investment account.

Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation. Maintenance and repairs are charged to expense as incurred, and renewals and betterments are capitalized and depreciated over the estimated useful lives of the related assets. Gains and losses on disposals are credited or charged to operations.

PORTER, WHITE & COMPANY, INC.

Notes to Financial Statements

Depreciation

Depreciation is computed principally using the accelerated method designed to amortize costs over the estimated useful lives of the assets (or the lesser of the estimated useful life or lease term concerning leasehold improvements). The Company is using the following estimated useful lives:

Computer Equipment	5 to 7 years
Software	3 years
Leasehold improvements	7 to 39 years
Furniture and fixtures	7 years

Depreciation expense amounted to \$12,645 for the year ended December 31, 2011, and is included in occupancy and other office expenses in the accompanying statement of operations.

Expense Sharing Agreement

The Company is part of an expense sharing agreement among Porter White Companies, Inc. and its subsidiaries such that non-project specific, indirect expenses are reasonably allocated to each subsidiary based on various metrics, primarily related to revenues of the affiliate. All appropriate allocations have been made as of December 31, 2011 and are included in the accompanying statement of operations.

Advertising Costs

The Company expenses all advertising costs during the period in which they are incurred. During 2011, the Company charged \$753 to advertising expense, which is included in promotional expenses in the accompanying statement of operations.

Income Taxes

The Company, with the consent of its stockholder, has elected to be taxed under sections of federal and state income tax law as a qualified subchapter S subsidiary. In lieu of corporation income taxes, the stockholder separately accounts for its pro rata shares of the Company's items of income, deductions, losses, and credits. As a result of this election, no income taxes have been recognized in the accompanying financial statements.

Management has evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements. With few exceptions, the Company is no longer subject to income tax examinations by the United States federal, state, or local tax authorities for years before 2008.

Risk and Uncertainties

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could affect the Company's financial condition.

PORTER, WHITE & COMPANY, INC.

Notes to Financial Statements

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through February 1, 2012, which represents the date the financial statements were available for issuance.

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-06, *Improving Disclosures about Fair Value Measurements*, which primarily requires new disclosures related to the levels within the fair value hierarchy. An entity is required to disclose significant transfers in and out of Levels 1 and 2 of the fair value hierarchy, and separately present information related to purchases, sales, issuances, and settlements in the reconciliation of fair value measurements classified as Level 3 fair value measurements, which are effective for reporting periods beginning after December 15, 2010. The Company included the disclosures as required by ASU 2010-06 in the notes to the Company's financial statements effective January 1, 2011, except for the disclosures related to Level 3 fair value measurements, which if necessary, will be included in the notes to the Company's financial statements effective January 1, 2012. This adoption had no impact on the Company's financial condition or results of operations.

In May 2011, the FASB issued ASU 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, which converged the definition of fair value with that of the International Financial Reporting Standards (IFRSs) and substantially converged the requirements for measurement and disclosure. Nonpublic entities must disclose the facts and reasoning for the use of an asset that differs from the highest and best use. For nonpublic entities, the requirements of ASU 2011-04 are effective for annual periods beginning after December 15, 2011, with early adoption permitted for interim periods beginning after that date. The adoption of ASU 2011-04 is not expected to have an impact on the Company's financial condition or results of operations.

Note 2. Uninsured Cash Balances

The Company maintains its cash balances at high credit quality financial institutions. At various times throughout the year ended December 31, 2011, the Company had cash on deposit with the financial institutions in excess of federal depository insurance limits. The Company has not experienced and does not anticipate any credit losses on these deposits.

Note 3. Fair Value Measurements

FASB ASC 820 establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurements. The guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, the fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering assumptions, the guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

PORTER, WHITE & COMPANY, INC.

Notes to Financial Statements

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques noted in the guidance. The three techniques are as follows:

Market approach—Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

Cost approach—Amount that would be required to replace the service capacity of an asset (i.e. replacement cost); and

Income approach—Techniques to convert future amounts to a single present amount based on market expectations utilizing present value techniques.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the valuation methodology used at December 31, 2011.

Mutual fund: Valued at the net asset value of shares held by the Company at year-end.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methodology is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

PORTER, WHITE & COMPANY, INC.

Notes to Financial Statements

The following table sets forth by level, within the fair value hierarchy, the Company's financial assets at fair value as of December 31, 2011:

	Assets at Fair Value as of December 31, 2011			
	Level 1	Level 2	Level 3	Total
Mutual fund				
Short-term municipal bond	\$ 223,601	\$ -	\$ -	\$ 223,601
Total financial assets	<u>\$ 223,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,601</u>

Note 4. Investment in Affiliate

The Company owns a 7.31 percent partnership interest in Porter White Investment Company, LP. The Company is the general partner of the limited partnership and has the ability to exert significant influence over the limited partnership's operations. The book value of the investment when acquired was \$90,615. The limited partnership engages in investment activities and had total assets and total liabilities of approximately \$395,500 and \$9,800, respectively, as of December 31, 2011, and a net loss of approximately \$90,700 for the year ended December 31, 2011, and is accounted for using the equity method of accounting.

Note 5. Commitments

The Company leases office space under a noncancelable operating lease from a related party through common ownership. Aggregate minimum future lease commitments for the year ending December 31, 2012 are \$44,990.

Rental expense amounted to \$121,281 in 2011, however a portion of the expense was allocated to affiliates that utilize this office space. The remaining amount of \$9,874 is included in occupancy and other office expenses in the accompanying statement of operations.

Note 6. Property and Equipment, Net

Property and equipment, net of accumulated depreciation, consist of the following as of December 31, 2011:

Computer equipment	\$ 155,553
Software	2,642
Leasehold improvements	18,880
Furniture and fixtures	17,027
Accumulated depreciation	<u>(156,112)</u>
	<u>\$ 37,990</u>

PORTER, WHITE & COMPANY, INC.

Notes to Financial Statements

Note 7. Profit Sharing Plan

The Company has a profit sharing plan that covers substantially all full-time employees. Contributions to the plan are made at the sole discretion of management. During the year ended December 31, 2011, an allocation of \$6,530 related to these contributions to the plan was charged to operations.

Note 8. Related Party Transactions

The Company's receivable from affiliates of \$8,033 is for the amount earned in management fees due from Porter White Investment Company, LP, an affiliate. The amount is included in management fee income in the statement of operations for the year ended December 31, 2011.

The Company has a noninterest bearing payable to an affiliate of \$126 without a stipulated due date. Amount relates to allocation of operating expenses associated with affiliated companies pursuant to the expense sharing agreement.

Note 9. Regulatory Requirements

As a registered broker dealer, the Company is subject to the SEC's uniform net capital rule. The Company is prohibited from engaging in any securities transactions when its "net capital" is less than the greater of \$50,000 or 6-2/3 percent of its "aggregate indebtedness." At December 31, 2011, the Company had net capital of \$139,668, which was \$89,668 in excess of the minimum of net capital required.

Note 10. Annual Audit Report

The audited financial statements of the Company for the most recent audit period are available at the principal office of the Company, and will be mailed upon written request pursuant to SEC Rule 17a-5.

PORTER, WHITE & COMPANY, INC.
**Computation of Net Capital and Aggregate Indebtedness Under Rule 15c3-1
of the Securities and Exchange Commission
As of December 31, 2011**

Computation of net capital

Total stockholder's equity qualified for net capital	\$ 245,870
Deduct non-allowable assets:	
Petty cash	300
Receivables	21,405
Receivable from affiliates	8,033
Investment in affiliate	18,587
Property and equipment, net	37,990
Other assets	4,147
Net capital before haircuts on securities positions	<u>155,408</u>

Haircuts on securities

Money market accounts and mutual fund	<u>(15,740)</u>
---------------------------------------	-----------------

Net capital	<u><u>\$ 139,668</u></u>
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Computation of basic net capital requirement

Minimum net capital required (6-2/3 percent of aggregate indebtedness)	\$ 15,597
Minimum dollar net capital requirement	50,000
Net capital requirement	50,000
Excess net capital	89,668
Excess net capital at 1,000 percent (net capital less 10 percent of aggregate indebtedness)	<u><u>\$ 116,272</u></u>

Computation of aggregate indebtedness

Total aggregate indebtedness from statement of financial condition	<u><u>\$ 233,958</u></u>
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Percentage of aggregate indebtedness to net capital	<u><u>168%</u></u>
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PORTER, WHITE & COMPANY, INC.**Computation of Net Capital and Aggregate Indebtedness Under Rule 15c3-1
of the Securities and Exchange Commission
As of December 31, 2011**

Reconciliation with the Company's computation

Net capital, as reported in Company's Part II (unaudited)

FOCUS report \$ 139,668Audit adjustments: -

\$ 139,668

PORTER, WHITE & COMPANY, INC.

**Statement Relating to Certain Determinations
Required Under Rule 15c3-3 of the Securities and Exchange Commission
December 31, 2011**

**Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3 and Information
Relating to the Possession or Control Requirements under Rule 15c3-3**

Porter, White & Company, Inc. (Company), is exempt from Rule 15c3-3 under the provisions of subparagraph (k)(2)(i) inasmuch as the Company carries no margin accounts, promptly transmits all customer funds and delivers all securities received in connection with its activities as a broker or dealer, does not otherwise hold funds or securities for or owe money or securities to customers and effectuates all financial transactions between the Company, as broker or dealer, and its customers through one or more bank accounts, each designated as "Special Account for the Exclusive Benefit of Customers of Porter, White & Company, Inc."



SELLERS RICHARDSON HOLMAN & WEST^{LLP}

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CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
REQUIRED BY SEC RULE 17A-5(G)(1) FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM
SEC RULE 15c3-3**

Board of Directors
Porter, White & Company, Inc.
Birmingham, Alabama

In planning and performing our audit of the financial statements of Porter, White & Company, Inc. (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 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 Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and 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 conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

An Independently Owned Member
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Because of inherent limitations in internal control and the practices and procedures referred to above, errors 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 combination of deficiencies, 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 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 described above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies, which 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 used by anyone other than these specified parties.

Sellers Richardson Holman & West, LLP

February 1, 2012



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PORTER, WHITE & COMPANY, INC.

**Financial Statements and
Supplementary Information
Year Ended December 31, 2011**

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Supplementary Information
Year Ended December 31, 2011**