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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
8-41101



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

FEB 24 2012
Washington, DC
125

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **ProFutures Financial Group, Inc.**

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
11719 Bee Cave Road, Suite 200

Austin **Texas** **78738**
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Debi Halbert **(800) 348-3601**
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
McGladrey & Pullen, LLP

One South Wacker Drive, Suite 800 **Chicago** **Illinois** **60606**
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

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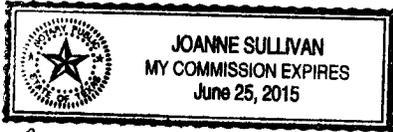
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

3/12/12
JD

OATH OR AFFIRMATION

I, Debi Halbert, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ProFutures Financial Group, 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:



Joanne Sullivan
Notary Public

Debi Halbert
Signature
Treasurer
Title

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.
- (o) Independent auditor's report on internal control

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

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Independent Auditor's Report

To the Stockholder
ProFutures Financial Group, Inc.
Austin, Texas

We have audited the accompanying statement of financial condition of ProFutures Financial Group, Inc. (the Company) as of December 31, 2011, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of ProFutures Financial Group, Inc. as of December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Chicago, Illinois
February 22, 2012

ProFutures Financial Group, Inc.

**Statement of Financial Condition
December 31, 2011**

Assets	
Cash and cash equivalents	\$ 125,773
Common stock of NASDAQ OMX Group, Inc. (cost - \$8,100)	7,353
Receivable from regulator	<u>1,445</u>
Total assets	<u><u>\$ 134,571</u></u>
Liabilities and Stockholder's Equity	
Liabilities	\$ -
Stockholder's equity	
Common stock	12,000
Additional paid-in capital	49,360
Retained earnings	<u>73,211</u>
Total liabilities and stockholder's equity	<u><u>\$ 134,571</u></u>

See Notes to Statement of Financial Condition.

ProFutures Financial Group, Inc.

Notes to Statement of Financial Condition

Note 1. Organization and Summary of Significant Accounting Policies

Nature of business: ProFutures Financial Group, Inc. (the Company) was organized on March 17, 1989, under the laws of Texas. The Company is a securities broker and dealer registered with and regulated by the United States Securities and Exchange Commission and is a member firm of the Financial Industry Regulatory Authority, Inc. (FINRA). Consistent with restrictions provided by the Company's registration, it does not carry customer accounts, hold funds or securities for, or owe money to, customers.

Method of accounting: The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification) is the single source of U.S. GAAP. The preparation of financial statements in conformity with U.S. 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and cash equivalents: Cash and cash equivalents consist of cash and money market deposit accounts at a bank and a securities broker. Interest is recorded on the accrual basis. The Company maintains its cash and cash equivalents with financial institutions. In the event of a financial institution's insolvency, the Company's recovery of cash balances on deposit may be limited to the extent they exceed federally insured limits.

Selling agent fees and commissions: Selling agent and commissions' revenue are recognized when earned.

Investment: Investment transactions are recorded on trade date and investment positions are reflected at fair value. Realized gains and losses from security transactions, if any, are determined using the identified cost method. Any change in net unrealized gain or loss from the preceding period is reported in the statement of operations. Brokerage commissions and other trading fees are reflected as an adjustment to cost or proceeds at the time of the transaction. Dividends are recorded on the ex-dividend date.

Income taxes: The Company has elected "S" corporation status under the Internal Revenue Code, pursuant to which the Company does not pay U.S. corporate income tax on its taxable income. Instead, the stockholder is liable for individual income tax on the Company's taxable income. The 2008 through 2010 tax years generally remain subject to examination by U.S. federal and most state tax authorities.

The FASB provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense and liability in the current year. The Company has elected an accounting policy to classify interest and penalties, if any, as interest expense. Through December 31, 2011, management has determined that there are no material tax expense or interest expense related to uncertain income tax positions.

ProFutures Financial Group, Inc.

Notes to Statement of Financial Condition

Note 2. Fair Value

The Company's investments are reported at fair value using quoted market prices. Securities listed or quoted on a national securities exchange or market are valued at the last reported sales price on the valuation date.

Fair value, as defined in the Fair Value Measurements and Disclosures Topic of the Codification, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the Fair Value Measurements and Disclosures Topic of the Codification as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1. Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2. Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3. Inputs are unobservable for the asset or liability.

The following summarizes the Company's assets accounted for at fair value at December 31, 2011, using the fair value hierarchy:

	<u>Level 1</u>
Common stock of NASDAQ OMX Group, Inc.	<u>\$ 7,353</u>

The Company recognizes transfers between fair value hierarchy levels at the beginning of the reporting period. There were no transfers into or out of Levels 1, 2 and 3 during the year ended December 31, 2011.

Note 3. Credit Risk

As the Company deposits substantially all of its assets with a securities broker and another financial institution, the Company has a concentration of credit risk with these parties. The following details the fair value of the Company's accounts held by these parties:

Securities broker:	
TD Ameritrade	\$ 13,049
Other financial institution:	
Prosperity Bank	120,077
	<u>\$ 133,126</u>

The above fair values do not take into account adverse market movements subsequent to December 31, 2011 or the fact that the risk of loss on certain financial instruments is potentially unlimited. Accordingly, the risk of loss subsequent to December 31, 2011, could be materially greater than the fair values stated above.

ProFutures Financial Group, Inc.

Notes to Statement of Financial Condition

Note 4. Related Parties

The Company entered into a selling agreement with ProFutures, Inc., an affiliated entity, whereby the Company will act as broker-dealer for any fund in which ProFutures, Inc. is the General Partner or Trading Manager. The selling agreement also provides for the allocation of a portion of overhead expenses such as rent, telephone and administrative costs from ProFutures, Inc. to the Company generally based on the percentage of time spent by certain employees conducting broker-dealer related duties.

Note 5. Indemnifications

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and which provide general indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. The Company expects the risk of any future obligation under these indemnifications to be remote.

Note 6. Net Capital Requirements

The Company is a broker-dealer subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. The rule also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would be 10 to 1.

Net capital and aggregate indebtedness change from day to day, but at December 31, 2011, the Company had net capital and net capital requirements of approximately \$120,000 and \$5,000, respectively. The Company's net capital ratio was 0.

Note 7. Subsequent Events

The Company has evaluated subsequent events through the date these financial statements were issued, and has determined that there are no subsequent events that require disclosure.

ProFutures Financial Group, Inc.

Statement of Financial Condition
December 31, 2011

Filed as PUBLIC information pursuant to Rule 17a-5(d)
under the Securities and Exchange Act of 1934.
