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

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SEC FILE NUMBER
8- 46008

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 January 1, 2011 AND ENDING December 31, 2011  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: First Heartland Capital, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1839 Lake Saint Louis Blvd.

(No. and Street)

Lake Saint Louis

MO

63367

(City)

(State)

(Zip Code)

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

David Hoff

636-625-0900

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Anders Minkler & Diehl, LLP

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

705 Olive Street 10th Fl

St. Louis

MO

63101

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

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

**FOR OFFICIAL USE ONLY**

Empty box 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)

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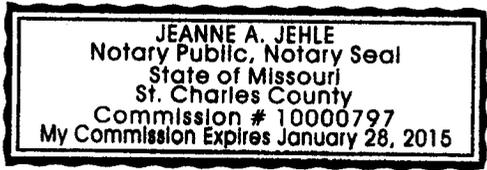
OATH OR AFFIRMATION

I, David Hoff, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of First Heartland Capital, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

David Hoff  
Signature  
President  
Title

Jeanne A. Jehle  
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).

FIRST HEARTLAND CAPITAL, INC.  
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2011  
AND  
INDEPENDENT AUDITORS' REPORT

**AMD**

anders minkler & diehl llp

CPAs + Consultants

**FIRST HEARTLAND CAPITAL, INC.**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2011**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**

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**Independent Auditors' Report**

Board of Directors  
First Heartland Capital, Inc.  
Lake Saint Louis, Missouri

We have audited the accompanying statement of financial condition of First Heartland Capital, Inc. as of December 31, 2011, and the related statements of income, changes in stockholders' equity and cash flows for the year then ended that are filed 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 First Heartland Capital, Inc. 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 supplementary information contained in Schedules 1 and 2 required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for purposes of additional analysis and is not a required part of the financial statements. 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 our 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.

*Anders Minkler & Diehl LLP*

February 27, 2012

**First Heartland Capital, Inc.**  
**Statement of Financial Condition**  
**December 31, 2011**

**Assets**

Cash and cash equivalents	\$ 2,475,559
Concessions receivable	382,484
Related party receivable	29,275
Due from officer	115,575
Deposits	126,009
Investments, at fair value	9,335
Property and equipment, net	<u>26,384</u>
 Total Assets	 <u>\$ 3,164,621</u>

**Liabilities and Stockholders' Equity**

<b>Liabilities</b>	
Clearing fees payable	\$ 21,379
Commissions payable	367,075
Representative payable	1,797
Accrued pension liability	78,543
Payroll liabilities	<u>2,255</u>
Total Liabilities	<u>471,049</u>
 <b>Stockholders' Equity</b>	
Common stock, no par value	
Authorized - 30,000 shares	
Issued and outstanding - 3,000 shares	30,000
Additional paid-in capital	415,000
Retained earnings	<u>2,248,572</u>
Total Stockholders' Equity	<u>2,693,572</u>
 Total Liabilities and Stockholders' Equity	 <u>\$ 3,164,621</u>

**First Heartland Capital, Inc.**  
**Statement of Income**  
**Year Ended December 31, 2011**

<b>Revenues</b>	
Concessions	\$ 21,244,833
Administrative fees, net	1,375,242
Interest income	<u>6,562</u>
	<u>22,626,637</u>
<b>Expenses</b>	
Bank and credit charges	2,909
Clearing fees	666,594
Commissions	17,096,236
Depreciation	31,951
Dues and subscriptions	3,004
Leaders club	319,394
Office expense	3,684
Professional fees	59,640
Retirement contributions	467,162
Salaries	2,650,223
Taxes	181,726
Technology	<u>60,674</u>
	<u>21,543,197</u>
<b>Income from Operations</b>	<u>1,083,440</u>
<b>Other Income (Expense)</b>	
Interest expense	(2,547)
Representative reimbursements, net	528,454
Other expense	<u>(391,412)</u>
Total Other Income (Expense)	<u>134,495</u>
<b>Net Income</b>	<u>\$ 1,217,935</u>

**First Heartland Capital, Inc.**  
**Statement of Changes in Stockholders' Equity**  
**Year Ended December 31, 2011**

	<u>Common Stock</u>		Additional Paid-in Capital	Retained Earnings	Total
	<u>Number of Shares</u>	<u>Amount of Stock</u>			
December 31, 2010	3,000	\$ 30,000	\$ 15,000	\$ 1,881,270	\$ 1,926,270
Capital contributions from stockholders	-	-	400,000	-	400,000
Net income	-	-	-	1,217,935	1,217,935
Distributions to stockholders	-	-	-	(850,633)	(850,633)
December 31, 2011	<u>3,000</u>	<u>\$ 30,000</u>	<u>\$ 415,000</u>	<u>\$ 2,248,572</u>	<u>\$ 2,693,572</u>

**First Heartland Capital, Inc.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2011**

<b>Cash Flows From Operating Activities</b>	
Net income	\$ 1,217,935
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	31,951
(Increase) decrease in assets:	
Concessions receivable	564,294
Representative receivable	11,935
Related party receivable	(29,275)
Due from officer	(27,369)
Deposits	1,144
Increase (decrease) in liabilities:	
Accounts payable	(401,177)
Clearing fees payable	(21,603)
Commissions payable	(142,321)
Representative payable	1,797
Customer break point payable	(8,382)
Accrued pension liability	27,757
Payroll liabilities	1,328
Net Cash Provided by Operating Activities	<u>1,228,014</u>
 <b>Cash Flows From Financing Activities</b>	
Capital contributions from stockholders	400,000
Distributions to stockholders	<u>(850,633)</u>
Net Cash Used in Financing Activities	<u>(450,633)</u>
 Net Cash in Cash and Cash Equivalents	777,381
 Cash and Cash Equivalents, Beginning of Year	<u>1,698,178</u>
 Cash and Cash Equivalents, End of Year	<u>\$ 2,475,559</u>
 <b>Supplemental Disclosures of Cash Flow Information</b>	
Cash paid for	
Interest	\$ 2,547

**First Heartland Capital, Inc.**  
**Notes to Financial Statements**  
**December 31, 2011**

**A. Nature of Operations and Basis of Presentation**

**Nature of Operations**

First Heartland Capital, Inc. (the "Company") was incorporated in Missouri on March 23, 1993 and is a broker-dealer registered with the Securities and Exchange Commission ("SEC"). The Company is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). The Company's customer base includes other broker-dealers as well as individuals, all of which effect transactions in a wide array of financial instruments.

The Company is subject to the SEC's Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum regulatory net capital of \$50,000 and requires that the ratio of aggregate indebtedness to regulatory net capital shall not exceed 15 to 1. At December 31, 2011, the Company had regulatory net capital of \$2,458,232. The Company's ratio of aggregate indebtedness to net capital was 0.31 to 1.

The Company has an agreement with a national broker-dealer to clear certain of its proprietary and customer transactions on a fully disclosed basis. This agreement requires that \$100,000 of cash and/or securities be maintained with the broker-dealer. At December 31, 2011, the Company has \$100,000 included in deposits relating to this requirement.

**Basis of Presentation**

The accompanying financial statements have been prepared in accordance with the provisions of Financial Accounting Standards Board ("FASB"), Accounting Standards Codification, (the "FASB ASC"), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America ("GAAP"). All references to authoritative accounting guidance contained in our disclosures are based on the general accounting topics within the FASB ASC.

**B. Summary of Significant Accounting Policies**

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**First Heartland Capital, Inc.**  
**Notes to Financial Statements**  
**December 31, 2011**

**Variable Interest Entities**

The Company follows guidance issued by the FASB on the consolidation of variable interest entities. A variable interest entity ("VIE") is a legal entity whose equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk to permit the entity to finance its own activities without additional subordinated financial support from other parties. Guidance issued by the FASB provides the framework for determining whether a VIE should be consolidated based on the power to direct the activities that most significantly impact the VIE's economic performance, the obligation to absorb expected losses of the VIE, or the right to receive the expected residual returns of the VIE. A variable interest holder that consolidates the VIE is called the primary beneficiary.

**Fair Value Measurements**

The Company follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach. The guidance establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into Levels 1, 2, and 3. Level 1 inputs consist of unadjusted quoted prices in active markets for identical instruments and have the highest priority. Level 2 inputs include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or inputs other than quoted prices that are directly or indirectly observable. Level 3 inputs are unobservable and are given the lowest priority.

Carrying amounts of certain financial instruments such as cash and cash equivalents, receivables, and accounts and other payables approximate fair value due to their short maturities or because the terms are similar to market terms.

**Cash and Cash Equivalents**

The Company considers all temporary cash investments with an original maturity of three months or less to be cash equivalents.

**Receivables**

Concessions receivable are uncollateralized customer obligations due under normal trade terms generally requiring payment within 30 days.

The Company considers concessions receivable to be fully collectible; accordingly, no allowance for doubtful accounts is deemed necessary.

**First Heartland Capital, Inc.**  
**Notes to Financial Statements**  
**December 31, 2011**

**Investments**

As of December 31, 2011, the Company classifies all investments as trading securities. Trading securities are carried at fair value with unrealized holding gains and losses included in earnings. Since the securities are actively traded on the open market, fair value measurements are a Level 1 input based upon publicly quoted sale prices. Realized gains and losses are included in earnings and are derived using the average cost method for determining the cost of securities sold. Dividend and interest income is recognized when earned.

Securities transactions are recorded on a trade-date basis. Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

**Property and Equipment**

Property and equipment is stated at cost. Major additions and improvements are capitalized, while maintenance and repairs are expensed as incurred. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation is computed using straight line methods over the estimated useful lives of the assets, which is estimated to be 5 years. Leasehold improvements are amortized over the shorter of the life of the related asset or the term of the lease.

**Concentration of Credit Risk**

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents, receivables, and investments. The Company maintains its cash primarily with three financial institutions. Deposits at these banks are insured by the Federal Deposit Insurance Corporation on an unlimited basis. The Company performs ongoing credit evaluations of its customers and maintains allowances, as needed, for potential credit losses. Although the Company is directly affected by the financial stability of its customer base, management does not believe significant credit risk exists at December 31, 2011. The Company maintains its investments and brokerage deposit with one brokerage firm. Securities held at this firm are insured by SIPC up to \$500,000.

**Concessions Income**

Concessions income is recognized as earned with billed but uncollected amounts reflected as concessions receivable.

**First Heartland Capital, Inc.**  
**Notes to Financial Statements**  
**December 31, 2011**

**Income Taxes**

The stockholders of the Company have elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Earnings and losses after the date of election are included in the personal income tax returns of the stockholders. Accordingly, the financial statements do not include a provision for income taxes.

The Company is required to evaluate tax positions taken (or expected to be taken) in the course of preparing the Company's tax returns and recognize a tax liability if the Company has taken an uncertain tax position that more likely than not would not be sustained upon examination by the applicable taxing authorities. The Company has analyzed the tax positions taken and has concluded that as of December 31, 2011, there are no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements.

If applicable, the Company recognizes interest and penalties related to unrecognized tax liabilities in the statement of income.

Management is required to analyze all open tax years, as defined by the Statute of Limitations, for all major jurisdictions, including federal and certain state taxing authorities. The Company is no longer subject to U.S. federal, state, and local or non-U.S. income tax examinations by taxing authorities for years before 2008. As of and for the year ended December 31, 2011, the Company did not have a liability for any unrecognized taxes. The Company has no examinations in progress and is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax liabilities will significantly change in the next twelve months.

**Subsequent Events**

The Company has evaluated subsequent events through February 27, 2012, the date the financial statements were available to be issued. It was concluded there were no events or transactions occurring during this period that required recognition or disclosure in the financial statements.

**Recent Accounting Pronouncements**

The FASB has issued new guidance on measuring fair value and for disclosing information about fair value measurements. This guidance results in common fair value measurement and disclosure requirements in GAAP and International Financial Reporting Standards. Consequently, the new guidance changes the wording used to describe many of the requirements in GAAP for measuring fair value and for disclosing information about fair value measurements.

**First Heartland Capital, Inc.**  
**Notes to Financial Statements**  
**December 31, 2011**

For many of the requirements under this new guidance, FASB does not intend for it to result in a change in the application of fair value measurements and disclosures. Some of the requirements under the new guidance are intended to clarify FASB's intent about the application of existing fair value measurement requirements. Other requirements change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. This guidance will be required for annual periods beginning after December 15, 2011. Based on a preliminary analysis, the Company does not believe the new guidance will have a significant impact on its financial statements.

**C. Property and Equipment**

Property and equipment at December 31, 2011, is as follows:

Computer hardware	\$ 219,788
Computer software	161,716
Furniture and fixtures	<u>4,500</u>
	386,004
Less accumulated depreciation	<u>359,620</u>
	<u>\$ 26,384</u>

Depreciation expense for the year ended December 31, 2011 totaled \$31,951.

**D. Related Party Transactions and Variable Interest Entities**

**Leasing Arrangements**

The Company leases its offices in Lake Saint Louis, Missouri from an affiliated corporation which the owners of the Company also control. The affiliated corporation leases the offices from a limited liability company which is controlled by the owners. Rent expense amounted to \$70,456 for the year ended December 31, 2011. This expense is recorded with the administrative fees discussed below.

**Variable Interest Entities**

The Company has evaluated the above leasing arrangement to determine whether they hold a significant variable interest in a Variable Interest Entity and are the primary beneficiary. The affiliated corporation leases 44 percent of their portion of the building to the Company. The Company has no exposure to loss as a result of this lease due to the fact that the lease is with an affiliated corporation. The Company has concluded that since it does not have the power to direct the activities of the VIE that most significantly impact its economic performance, the Company is not the primary beneficiary and, accordingly, consolidation of the VIE is not required.

**First Heartland Capital, Inc.**  
**Notes to Financial Statements**  
**December 31, 2011**

**Administrative Fees**

The Company pays an administrative fee to First Heartland Corporation, which is controlled by the Company's owners, for its share of certain operating expenses. Administrative fees consist of payroll, rent, and other operating expenses and are allocated on a per employee basis. Allocations have been based primarily on actual time spent by Company employees with respect to each entity. The Company believes that such allocation methods are reasonable. Administrative fees totaled \$375,526 for the year ended December 31, 2011. These fees are netted against administrative fee income received from affiliated entities.

**E. Retirement Plans**

The Company provides retirement benefits to all of its employees under various retirement plans.

**Defined Benefit Plan**

The Company sponsors a noncontributory, cash balance defined benefit plan for eligible employees who have reached the age of 20.5 and completed one year of service. Benefits are based on years of service from January 1, 2008 to normal retirement, as defined. All participants become 100 percent vested after 3 years of service. Participant "accumulation" accounts are credited annually with pay credits based upon a percentage of eligible compensation, as defined, and interest credits based upon 5 percent of beginning of the year accumulation account balances. The Company's funding policy is to contribute annually at least the minimum amount required under the provisions of Employee Retirement Income Security Act of 1974, as amended (ERISA). Company contributions for the year ending December 31, 2012 are expected to be approximately \$320,000. The Company uses a calendar year-end measurement date for this plan.

The following tables set forth further information about the Company's defined benefit pension plan as of and for the year ended December 31, 2011:

Pension plan obligations and funded status:

Benefit obligation at December 31	\$ 1,211,686
Plan assets at fair value December 31	<u>1,133,143</u>
Funded status	<u>\$ (78,543)</u>
Accumulated benefit obligation at December 31	\$ 1,211,686
Employer contributions	276,000
Participant contributions	-
Benefits paid	-

**First Heartland Capital, Inc.**  
**Notes to Financial Statements**  
**December 31, 2011**

Amounts recognized in the statement of financial condition consist of:

Liabilities \$ (78,543)

Net periodic pension cost for the year ended December 31, 2011 was \$304,645.

The following assumptions were used in accounting for the pension plan:

Weighted average assumptions to determine benefit obligations at December 31, 2011:

Discount rate	5.28 %
Rate of compensation increase	N/A

Weighted average assumptions to determine net pension benefit cost for the year ended December 31, 2011:

Discount rate	5.00 %
Expected return on plan assets	5.00 %
Rate of compensation increase	N/A

The expected rate of return on plan assets is determined by those assets' historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class.

The Company's overall investment strategy is to achieve a mix of investments for long-term growth and near-term benefit payments with a diversification of asset types. The target allocations for plan assets are approximately 60 percent to equities and 40 percent to fixed income securities, excluding cash equivalents.

The fair values of the Company's plan assets at December 31, 2011, by asset category are as follows:

<u>Asset Category</u>	<u>Total</u>	<u>Quoted Prices In Active Markets (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Cash and cash equivalents	\$ 10,545	\$ 10,545	\$ -	\$ -
Mutual funds	758,789	758,789	-	-
Exchange traded funds	157,767	157,767	-	-
Annuity contracts	206,042	-	-	206,042
	<u>\$ 1,133,143</u>	<u>\$ 927,101</u>	<u>\$ -</u>	<u>\$ 206,042</u>

**First Heartland Capital, Inc.**  
**Notes to Financial Statements**  
**December 31, 2011**

No plan assets are expected to be returned to the Company during 2012.

Benefit payments are expected to be paid as follows:

Year	Expected Benefit Payments
2012	\$ -
2013	554,678
2014	1,761
2015	-
2016	21,375
2017 - 2021	814,858
Total	\$ 1,392,672

**Defined Contribution Plan**

The Company maintains a contributory profit sharing plan under Section 401(k) of the Internal Revenue Code covering substantially all employees who meet certain eligibility requirements. Employer contributions to the plan totaled \$163,405 for the year ended December 31, 2011.

**F. Contingencies**

In the normal course of business the Company is party to litigation and arbitration actions involving their broker activities. In the opinion of management and legal counsel, all such matters are adequately covered by insurance, or if not so covered, are without merit or involve such amounts that unfavorable disposition would not have a material effect on the financial position of the Company.

**G. Risk Associated with Financial Instruments**

In the normal course of business, the Company's customer and clearing agent clearance activities involve the execution and settlement of various customer security transactions. These activities may expose the Company to certain risks in the event the customer or other broker is unable to fulfill its contracted obligations and the Company must purchase or sell the financial instrument underlying the contract at a loss.

The Company does not anticipate nonperformance by customers or its clearing broker in the above situations. In addition, the Company has a policy of reviewing, as considered necessary, the credit standing of the customers, the clearing broker, and financial institutions with which it conducts business.

**First Heartland Capital, Inc.**  
**Computation of Net Capital, Aggregate Indebtedness, and Ratio of Aggregate Indebtedness to**  
**Net Capital Under Rule 15c3-1**  
**Schedule 1**  
**December 31, 2011**

Total Stockholders' Equity	<u>\$ 2,693,572</u>
Less non-allowable assets:	
Investments	9,335
Company's portion of aged concessions receivable	28,762
Property and equipment, net	26,384
Related party receivable	29,275
Due from officer	115,575
CRD deposit	6,009
NSCC deposit	<u>20,000</u>
Total non-allowable assets	<u>235,340</u>
Net capital before haircuts on securities positions	2,458,232
Haircuts on securities	<u>-</u>
<b>Net Capital</b>	<b><u>\$ 2,458,232</u></b>
<b>Aggregate Indebtedness</b>	
Items included in statement of financial condition:	
Representative payable	\$ 1,797
Clearing fees payable	21,379
Commissions payable	367,075
Accrued pension liability	78,543
Payroll liabilities	2,255
Items not included in statement of financial condition:	
Potential chargeback	<u>282,250</u>
Total aggregate indebtedness	<b><u>\$ 753,299</u></b>
Minimum net capital required (6 2/3% of total aggregate indebtedness)	<u>\$ 50,220</u>
Minimum dollar net capital requirement	<u>\$ 50,000</u>
Minimum capital requirement (greater of above)	<u>\$ 50,220</u>
Excess net capital	<u>\$ 2,408,012</u>
Ratio of aggregate indebtedness to net capital	<u>.31 to 1</u>

There are no differences between the audited Computation of Net Capital above and the Company's corresponding computation in the unaudited Part IIA FOCUS Report.

**First Heartland Capital, Inc.**  
**Exemptive Provision Under Rule 15c3-3**  
**Schedule 2**  
**December 31, 2011**

An exemption from Rule 15c3-3 is claimed as the broker-dealer does not hold customer funds or securities. All accounts are on a fully disclosed basis.

Therefore the schedules of "Computation for Determination of Reserve Requirements Under Rule 15c3-3" and "Information Relating to Possession or Control Requirements Under Rule 15c3-3" are not applicable.

**Independent Auditors' Supplementary  
Report on Internal Control**

Board of Directors  
First Heartland Capital, Inc.  
Lake Saint Louis, Missouri

In planning and performing our audit of the financial statements of First Heartland Capital, Inc. 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 or
- 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 accordance with accounting principles generally accepted in the United States of America. 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 deficiency in internal control 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 and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control 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 entity's financial statements will not be prevented or detected and corrected 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 defined previously.

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 the information and use of the Board of 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.

*Audun Winkler & Siehl LLP*

February 27, 2012



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

Board of Directors  
First Heartland Capital, Inc.  
Lake Saint Louis, Missouri

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

- 1) Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, noting no differences;
- 2) Compared the amounts reported on the audited Form 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 Form SIPC-7 and in the related 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 have been 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.

Audun Winkler & Siehl LLP

February 27, 2012



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

Amounts for the fiscal period  
beginning 1-1, 2011  
and ending 12-31, 2011  
**Eliminate cents**

<b>Item No.</b>		
2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)		<b>\$ 23,788,364</b>
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.		<b>17,975,175</b>
(2) Revenues from commodity transactions.		_____
(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.		<b>674,976</b>
(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.		<b>4,083</b>
(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):		_____
<b>ADMINISTRATIVE FEE INCOME</b>		<b>1,750,728</b>
(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.	\$ _____	
(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).	\$ <b>2,379</b>	
Enter the greater of line (i) or (ii)		<b>2,379</b>
Total deductions		<b>20,407,341</b>
2d. SIPC Net Operating Revenues		<b>\$ 3,381,023</b>
2e. General Assessment @ .0025		<b>\$ 8,452.56</b>
		(to page 1, line 2.A.)