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

SEC FILE NUMBER
8- <del>200852</del>

24582

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**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/11 AND ENDING 12/31/11  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Gary Hoch Agency, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

2645 Elmwood Avenue

(No. and Street)

Kenmore

(City)

New York

(State)

14217

(Zip Code)

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

Gary A. Hoch

716-881-1991

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Toski & Co., CPAs, P.C.

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

300 Essjay Road, Suite 115

(Address)

Williamsville

(City)

New York

(State)

14221

(Zip Code)

CHECK ONE:

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

<b>FOR OFFICIAL USE ONLY</b>

\*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, Gary A. Hoch, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Gary Hoch Agency, Inc., as of December 31, 20 11, 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:

N/A - None

JOSEPH J. RYNDAK, JR
NOTARY PUBLIC, STATE OF NEW YORK
NO 01RY5068494

QUALIFIED IN NIAGARA COUNTY
Commission Expires November 4 2014

[Signature]
Notary Public

[Signature]
Signature

President
Title

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Operations
(d) Statement of Cash Flows
(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 15c3-3 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).

**GARY HOCH AGENCY, INC.**  
**Financial Statements and Supplemental Schedule**  
**December 31, 2011**  
**(With Independent Auditors' Report and**  
**Supplemental Report on Internal Control)**

**TOSKI & CO., P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**GARY HOCH AGENCY, INC.**  
**Financial Statements and Supplemental Schedule**  
**December 31, 2011**  
**(With Independent Auditors' Report and**  
**Supplemental Report on Internal Control)**

GARY HOCH AGENCY, INC.

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\* \* \* \* \*

**TOSKI & CO., P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

300 ESSJAY ROAD, STE. 115  
WILLIAMSVILLE, NY 14221  
(716) 634-0700

14 CORPORATE WOODS BLVD.  
ALBANY, NY 12211  
(518) 935-1069

INDEPENDENT AUDITORS' REPORT

The Stockholder  
Gary Hoch Agency, Inc.:

We have audited the accompanying statement of financial condition of Gary Hoch Agency, Inc. (the Corporation) as of December 31, 2011, and the related statements of income, changes in stockholder's equity and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Corporation'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 Gary Hoch Agency, 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 basic financial statements taken as a whole. The information contained in Computation of Net Capital Pursuant to Rule 15c3-1 of the Securities and Exchange Commission 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 has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Toski & Co., CPAs, P.C.*

Williamsville, New York  
February 24, 2012

GARY HOCH AGENCY, INC.  
Statement of Financial Condition  
December 31, 2011

Assets

Current assets - cash	\$ 52,148
Equipment, at cost - furniture and equipment	14,688
Less accumulated depreciation	<u>(14,688)</u>
Net equipment	<u>-</u>
Total assets	<u>\$ 52,148</u>

Liabilities and Stockholder's Equity

Current liabilities - accounts payable and accrued expenses	617
Stockholder's equity:	
Common stock, no par value, 200 shares authorized; 100 shares issued and outstanding	50,000
Retained earnings	<u>1,531</u>
Total stockholder's equity	<u>51,531</u>
Total liabilities and stockholder's equity	<u>\$ 52,148</u>

See accompanying notes to financial statements.

GARY HOCH AGENCY, INC.  
Statement of Income  
Year ended December 31, 2011

Operating income:	
Commissions from mutual funds and annuities	\$ 99,272
Fee income	13,240
Investment income	<u>1,497</u>
Total operating income	<u>114,009</u>
Operating expenses:	
Salaries	34,000
Repairs and maintenance	2,135
Employee benefits	8,500
Rent	8,400
Insurance	1,525
Vehicles, travel and entertainment	3,072
Regulatory fees	2,027
Depreciation and amortization	5,925
Payroll taxes	2,862
Professional fees	2,100
Telephone	1,837
Office supplies	1,768
Miscellaneous	1,044
Security	208
New York State franchise tax	<u>25</u>
Total expenses	<u>75,428</u>
Net income	<u>\$ 38,581</u>
Basic income per share	<u>\$ 385.81</u>

See accompanying notes to financial statements.

GARY HOCH AGENCY, INC.  
Statement of Changes in Stockholder's Equity  
Year ended December 31, 2011

	<u>Common stock</u>	<u>Retained earnings</u>	<u>Total</u>
Balances at December 31, 2010	\$ 50,000	\$ 950	50,950
Net income	-	38,581	38,581
Distributions paid	-	(38,000)	(38,000)
Balances at December 31, 2011	<u>\$ 50,000</u>	<u>\$ 1,531</u>	<u>51,531</u>

See accompanying notes to financial statements.

GARY HOCH AGENCY, INC.  
Statement of Cash Flows  
Year ended December 31, 2011

Cash flows from operating activities:	
Net income	\$ 38,581
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	5,925
Changes in - accounts payable and accrued expenses	<u>(396)</u>
Net cash provided by operating activities	<u>44,110</u>
Cash flows from investing activities:	
Additions to equipment	(5,117)
Decrease in due from stockholder	<u>6,000</u>
Net cash provided by investing activities	<u>883</u>
Cash flows from financing activities - distributions paid	<u>(38,000)</u>
Net increase in cash	6,993
Cash at beginning of year	<u>45,155</u>
Cash at end of year	<u><u>\$ 52,148</u></u>

See accompanying notes to financial statements.

GARY HOCH AGENCY, INC.  
Notes to Financial Statements  
December 31, 2011

(1) Organization

Gary Hoch Agency, Inc. (the Corporation) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Corporation maintains an office in Buffalo, New York and its customers are located primarily in Western New York State. The Corporation is engaged principally in the sale of mutual fund investments and annuities.

(2) Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

(a) Basis of Accounting

The books of account are maintained and financial statements are prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America. Under this accrual method, revenues are recorded when earned and expenses are recorded when incurred.

(b) Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Cash and Equivalents

For purposes of reporting cash flows, cash includes money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

(d) Concentrations of Credit Risk

The Corporation is engaged in various brokerage activities in which counterparties primarily include broker-dealers and other financial institutions. In the event counterparties do not fulfill their obligations, the Corporation may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Corporation's policy to review, as necessary, the credit standing of each counterparty.

GARY HOCH AGENCY, INC.  
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(e) Capitalization, Depreciation and Amortization

Equipment and improvements are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated services lives using accelerated depreciation methods for book and income tax purposes. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of income.

(f) Subsequent Events

The Corporation has evaluated events after December 31, 2011, and through February 24, 2012, the date the financial statements were issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

(3) Related Party Transactions

Related party transactions as of and for the year ended December 31, 2011 are as follows:

(a) Rent Expense

A relative of the stockholder provides storage space for the Corporation. The total of these charges amounted to \$8,400 for the year ended December 31, 2011.

(4) Net Capital Requirements

The Corporation is subject to the SEC Uniform Net Capital Rule (See Rule 15c3-1) which requires the maintenance of minimum net capital and requires the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (generally, Corporation capital less reductions for assets not readily convertible into cash at full value). There are restrictions on a broker-dealer's operations if aggregate indebtedness exceeds 10 times net capital.

At December 31, 2011, the Corporation's net capital and required net capital (as defined) were \$43,953 and \$43,457, respectively. The ratio of aggregate indebtedness to net capital was approximately .013 to 1.

GARY HOCH AGENCY, INC.  
Notes to Financial Statements, Continued

(5) Reserve Requirement

Rule 15c3-3 under the Securities Exchange Act of 1934 provides a formula for the maintenance by broker-dealers of reserves in connection with customer related transactions and standards for broker dealers regarding the physical possession or control of fully-paid and excess margin securities. There are allowable exemptions to the Rule provided that certain conditions are met. Due to the nature of the Corporation's business (note 1) these conditions are satisfied and the Corporation claims an exemption under subparagraph (k)(2)(ii) of the Rule.

(6) Reconciliation of Focus Report

Rule 17a-5(d)(4) under the Securities Exchange Act of 1934 requires a reconciliation of the audited computation and the broker-dealer's corresponding unaudited Part IIA. After review of Form X-17A-5 presented by the Corporation, no material differences exist.

(7) Pension Plan

The Corporation adopted a retirement plan established under the provisions of Section 401(k) of the Internal Revenue Code effective on January 1, 2007. The plan covers substantially all employees who have attained age 21 and have completed one year or 1,000 hours of service. The Corporation's contributions are entirely discretionary upon director's approval. Contributions to the plan for the year ended December 31, 2011 amounted to \$8,500.

(8) Income Taxes

The Corporation has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported to its owners on their respective income tax returns. The Corporation's federal tax status as a pass-through entity is based on its election to be treated as an S Corporation. Accordingly, the Corporation is not required to take any tax positions in order to qualify as a pass-through entity. The Corporation is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Corporation has no other tax positions which must be considered for disclosure.

GARY HOCH AGENCY, INC.  
 Computation of Net Capital Pursuant to Rule 15c3-1 of  
 the Securities Exchange Act of 1934  
 December 31, 2011

Total stockholder's equity from statement of financial condition	\$ 51,531
Non-allowable assets from statement of financial condition	<u>          -</u>
Net capital before haircuts on securities position	51,531
Deduct haircuts on securities	<u>(2,588)</u>
Net capital	48,943
Computation of basic net capital requirement - net capital requirement (greater of 6 2/3% of aggregate indebtedness \$68 or \$5,000)	<u>(5,000)</u>
Excess net capital	\$ <u>43,943</u>
Aggregate indebtedness - accounts payable and accrued expenses	\$ <u>    617</u>
Ratio - Aggregate indebtedness to net capital	<u>.013 to 1</u>

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CERTIFIED PUBLIC ACCOUNTANTS

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(518) 935-1069

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED  
BY SECURITIES AND EXCHANGE COMMISSION RULE 17a-5**

The Stockholder  
Gary Hoch Agency, Inc.:

In planning and performing our audit of the financial statements of Gary Hoch Agency, Inc. (the Corporation) 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 Corporation'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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation (including tests of compliance with such practices and procedures) that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exempt provisions of Rule 15c3-3(e). Because the Corporation 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 Corporation in making quarterly securities examinations, counts, verifications and comparisons, and recordation of differences required by Rule 17a-13 or in 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 Corporation 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 Corporation 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 the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control 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 control 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 Corporation's financial statements will not be prevented or detected on a timely basis.

Our consideration of internal control was the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Corporation'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, the New York Stock Exchange, Inc., the National Association of Securities Dealers, Inc. and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Toski & Co., CPAs, P.C.

Williamsville, New York  
February 24, 2012