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

Washington, DC  
125

SEC FILE NUMBER
8-49192

FACING PAGE

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

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

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: HORAN SECURITIES, INC.

OFFICIAL USE ONLY

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

FIRM I.D. NO.

4990 EAST GALBRAITH ROAD, SUITE 102

(No. and Street)

CINCINNATI

OHIO

45236

(City)

(State)

(Zip Code)

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

TERENCE L. HORAN

(513) 745-0707

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

JOSEPH DECOSIMO AND COMPANY, PLLC

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

SUITE 1100 - TWO UNION SQUARE, CHATTANOOGA,

TENNESSEE

37402

(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**

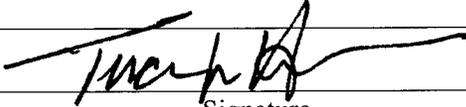
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

AD  
8/13

OATH OR AFFIRMATION

I, Terence L. Horan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Horan Securities, 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:

VIRGINIA A. MEADOR  
Notary Public, State of Ohio  
My Commission Expires 02-20-2016

  
Signature  
PRINCIPAL  
Title

  
Notary Public

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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

**HORAN SECURITIES, INC.**  
**STATEMENTS OF FINANCIAL CONDITION,**  
**REPORT OF INDEPENDENT ACCOUNTANTS AND**  
**SUPPLEMENTARY INFORMATION**

**December 31, 2011**

**DECOSIMO**

**HORAN SECURITIES, INC.**  
**STATEMENTS OF FINANCIAL CONDITION,**  
**REPORT OF INDEPENDENT ACCOUNTANTS AND**  
**SUPPLEMENTARY INFORMATION**  
**December 31, 2011**

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

# **HORAN SECURITIES, INC.**

## **CONTENTS**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Board of Directors and Stockholder  
Horan Securities, Inc.  
Cincinnati, Ohio

We have audited the accompanying statements of financial condition of Horan Securities, Inc. (the Company), as of December 31, 2011 and 2010, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. The statements of financial condition are the responsibility of the Company's management. Our responsibility is to express an opinion on the statements of financial condition based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the statements of financial condition 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 entity'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 audits provide a reasonable basis for our opinion.

In our opinion, the statements of financial condition referred to above present fairly, in all material respects, the financial position of Horan Securities, Inc. as of December 31, 2011 and 2010, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the statements of financial condition as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the statements of financial condition 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 statements of financial condition. The information has been subjected to the auditing procedures applied in the audits of the statements of financial condition and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statements of financial condition or to the statements of financial condition 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 statements of financial condition as a whole.

*Joseph Decosimo and Company, PLLC*

Chattanooga, Tennessee  
February 16, 2012

**HORAN SECURITIES, INC.**  
**STATEMENTS OF FINANCIAL CONDITION**  
**December 31, 2011 and 2010**

	2011	2010
<b>ASSETS</b>		
Cash and cash equivalents	\$ 391,251	\$ 393,536
Restricted cash	29,224	32,471
Investment securities, at fair value	25,735	24,916
Commissions receivable	115,501	105,641
Other receivables	50,100	36,137
income taxes refundable	1,048	9,500
Prepayments	24,117	16,983
Equipment and furniture, net of accumulated depreciation of \$128,019 for 2011 and \$120,724 for 2010	-	7,295
Deferred income taxes	<u>5,400</u>	<u>1,100</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 642,376</u></b>	<b><u>\$ 627,579</u></b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 60,610	\$ 56,759
Accrued expenses	240,098	223,274
Long-term debt	<u>65,000</u>	<u>115,000</u>
Total liabilities	<u>365,708</u>	<u>395,033</u>
<b>STOCKHOLDER'S EQUITY</b>		
Common stock, no par value, 850 shares authorized; 75 shares issued	293,000	293,000
Additional paid-in capital	25,000	25,000
Accumulated deficit	(47,004)	(90,307)
Accumulated other comprehensive income	<u>5,672</u>	<u>4,853</u>
Total stockholder's equity	<u>276,668</u>	<u>232,546</u>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b><u>\$ 642,376</u></b>	<b><u>\$ 627,579</u></b>

The accompanying notes are an integral part of the statements of financial condition.

# HORAN SECURITIES, INC.

## NOTES TO STATEMENTS OF FINANCIAL CONDITION

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and practices followed by the Company are as follows:

**DESCRIPTION OF BUSINESS** - Horan Securities, Inc., an Ohio corporation, operates as a broker-dealer and is a member of the Financial Industry Regulatory Authority (FINRA) and an investment advisor registered with the State of Ohio Division of Securities. The Company is a broker of mutual funds, annuities and other securities and is licensed to operate in seventeen states. The Company does not carry security accounts for customers or perform custodial functions relating to customer securities. The Company's office is located in Cincinnati, Ohio.

**CASH AND CASH EQUIVALENTS** - The Company considers all money market accounts and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company maintains at various financial institutions cash and cash equivalent accounts which may exceed federally insured amounts at times and which may at times significantly exceed statement of financial condition amounts due to outstanding checks.

**RESTRICTED CASH** - Restricted cash represents all cash held in a special reserve bank account for the exclusive benefit of customers, in accordance with Rule 15c3-3 of the Securities Exchange Act of 1934.

**INVESTMENT SECURITIES** - The Company's investment securities are considered available-for-sale securities and, accordingly, are carried at fair value. The difference in fair value and cost at the end of the year, or unrealized gains and losses, net of tax, is reported in stockholder's equity as accumulated other comprehensive income.

**FAIR VALUE MEASUREMENTS** - Fair value is defined as 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. Generally accepted accounting principles establishes a fair value hierarchy, which gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs from observable data other than quoted prices (Level 2) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. As of December 31, 2011 and 2010, all of the Company's investment securities are classified within Level 1 of the fair value hierarchy.

The reported amounts of cash and cash equivalents, restricted cash, commissions receivable, other receivables, income taxes refundable, prepayments, accounts payable and accrued expenses approximate their fair values because of the short-term nature of these instruments. The reported amount of the Company's long-term debt approximates its fair value based on the current rates offered to the Company for debt of similar terms and maturities.

**COMMISSIONS RECEIVABLE** - Commissions receivable represent commissions due on purchases and sales of mutual fund investments and annuities from members of the Securities Investors Protection Corporation. The Company performs periodic evaluations of the creditworthiness of these companies and generally does not require collateral to support receivables. Commissions receivable are generally expected to be collected within thirty days of the trade date. Management has assessed that, based on the nature of these receivables and historical collection information, an allowance for doubtful accounts is not necessary.

# HORAN SECURITIES, INC.

## NOTES TO STATEMENTS OF FINANCIAL CONDITION

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

**EQUIPMENT AND FURNITURE** - Equipment and furniture are stated at cost less accumulated depreciation. Expenditures for repairs and maintenance are charged to expense as incurred and additions and improvements that significantly extend the lives of assets are capitalized. Upon sale or other retirement of depreciable property, the cost and accumulated depreciation are removed from the related accounts and any gain or loss is reflected in operations.

**INCOME TAXES** - Deferred tax assets and liabilities are recognized for the estimated future tax effects attributed to temporary differences between book and tax bases of assets and liabilities and for carryforward items. The measurement of current and deferred tax assets and liabilities is based on enacted law. Deferred tax assets are reduced, if necessary, by a valuation allowance for the amount of tax benefits that may not be realized. As of December 31, 2011 and 2010, the Company had determined that a valuation allowance was not necessary.

The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. As of December 31, 2011, the Company has not recognized liabilities for uncertain tax positions or associated interest and penalties.

The Company files income tax returns in the U.S. federal and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal and state tax examinations by tax authorities for years before 2008.

**ESTIMATES AND UNCERTAINTIES** - The preparation of the statements of financial condition in conformity with accounting principles generally accepted in the United States of America 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 statements of financial condition. Actual results could differ from those estimates.

**SUBSEQUENT EVENTS** - The Company has evaluated subsequent events for potential recognition and disclosure through February 16, 2012, the date the statements of financial condition were available to be issued.

### NOTE 2 - INVESTMENT SECURITIES

As of December 31, 2011, investment securities, all of which are considered available-for-sale, are summarized as follows:

	<b>Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
NASDAQ OMX Group Inc. common stock - 1,050 shares	<u>\$ 20,063</u>	<u>\$ 5,672</u>	<u>\$ -</u>	<u>\$ 25,735</u>

# HORAN SECURITIES, INC.

## NOTES TO STATEMENTS OF FINANCIAL CONDITION

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### NOTE 2 - INVESTMENT SECURITIES - continued

As of December 31, 2010, investment securities, all of which are considered available-for-sale, are summarized as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
NASDAQ OMX Group Inc. common stock - 1,050 shares	\$ <u>20,063</u>	\$ <u>4,853</u>	\$ <u>-</u>	\$ <u>24,916</u>

Unrealized gains on investment securities are classified as a component of accumulated other comprehensive income.

### NOTE 3 - LONG-TERM DEBT

During August 2006, the Company entered into a subordinated loan agreement with a stockholder in the amount of \$240,000. Under the provisions of 17 CFR 240.15c3-d, which require that the FINRA review and find the subordination agreement acceptable, the FINRA deemed the agreement to be acceptable effective September 15, 2006. Interest at 8% was payable at times determined by the stockholder and the Company.

During August 2009, the Company amended the subordinated loan agreement to extend the due date from September 30, 2010 to September 30, 2013, and to reduce the interest rate from 8% to 6% per annum. The FINRA deemed the agreement to be acceptable effective September 4, 2009.

The December 31, 2011, balance of \$65,000 is due in full on September 30, 2013, though the Company elected to make principal payments of \$50,000 on the stockholder subordinated note in each of 2011 and 2010, respectively.

### NOTE 4 - LEASE COMMITMENTS

The Company has an annual agreement with a company with common ownership and management to assume responsibility for a certain portion of the operating lease for office space. The Company's future minimum operating lease payments as of December 31, 2011, based on its current expense sharing arrangement are as follows:

<b>Year ending</b>	
December 31, 2012	\$ <u>95,991</u>

# HORAN SECURITIES, INC.

## NOTES TO STATEMENTS OF FINANCIAL CONDITION

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### NOTE 5 - INCOME TAXES

The components of deferred income taxes included in the statements of financial condition are as follows:

	2011	2010
<b>Deferred tax assets</b>		
Capital loss carryforward	\$ 1,200	\$ 1,200
Contribution carryforwards	4,000	700
Depreciation	<u>200</u>	<u>-</u>
	5,400	1,900
<b>Deferred tax liability</b>		
Depreciation	<u>-</u>	<u>800</u>
<b>Net deferred tax asset</b>	<u>\$ 5,400</u>	<u>\$ 1,100</u>

As of December 31, 2011, the Company had approximately \$26,400 of federal charitable contribution carryforwards. The charitable contribution carryforward, if not utilized, will begin to expire in 2015.

As of December 31, 2011, the Company had approximately \$8,000 of federal capital loss carryforwards. The capital loss carryforwards have no expiration.

### NOTE 6 - BENEFIT PLAN

The Company has a 401(k) defined contribution plan covering substantially all employees, which allows for both participant contributions and Company contributions at the discretion of the Board of Directors.

### NOTE 7 - RELATED PARTY BALANCES

Balances with related parties are as follows:

	2011	2010
<b>Stockholder</b>		
Long-term debt	\$ 65,000	\$ 115,000
Accrued interest	\$ 3,373	\$ 1,534

### NOTE 8 - NET CAPITAL REQUIREMENTS

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. The Company's minimum net capital requirement totaled \$25,000 as of December 31, 2011 and 2010, and its defined net capital and net capital ratio totaled \$224,412 and 1.34 to 1 as of December 31, 2011, and \$210,845 and 1.33 to 1 as of December 31, 2010, respectively.

Liabilities subordinated to claims of creditors totaled \$65,000 and \$115,000 as of December 31, 2011 and 2010, respectively.

**SUPPLEMENTARY INFORMATION**

**HORAN SECURITIES, INC.**  
**COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1**  
**December 31, 2011 and 2010**

	2011	2010
<b>Net capital</b>		
Total stockholder's equity	\$ 276,668	\$ 232,546
Liabilities subordinated to claims of general creditors	<u>65,000</u>	<u>115,000</u>
	<u>341,668</u>	<u>347,546</u>
Less non-allowable assets:		
Non-allowable receivables	52,643	64,362
Prepayments and other assets	60,753	61,307
Furniture and equipment, net	-	7,295
Haircuts on securities -		
Marketable securities	<u>3,860</u>	<u>3,737</u>
	<u>117,256</u>	<u>136,701</u>
Net capital	<u>\$ 224,412</u>	<u>\$ 210,845</u>
<b>Aggregate indebtedness</b>		
Accounts payable	\$ 60,610	\$ 56,759
Accrued expenses	<u>240,098</u>	<u>223,274</u>
	<u>\$ 300,708</u>	<u>\$ 280,033</u>
Percentage of aggregate indebtedness to net capital	<u>134 %</u>	<u>133 %</u>
Minimum net capital required to be maintained (greater of \$25,000 or 6-2/3% of aggregated indebtedness)	<u>\$ 25,000</u>	<u>\$ 25,000</u>
Excess net capital	<u>\$ 199,412</u>	<u>\$ 185,845</u>
Excess net capital at 1000% (net capital less the greater of 10% of aggregate indebtedness or 120% of minimum net capital requirement)	<u>\$ 194,341</u>	<u>\$ 180,845</u>

**Reconciliation of Company's Computation of  
Net Capital with Audited Computation  
December 31, 2011**

Net capital, per Part IIA of Form X-17-a-5(a) filed as of December 31, 2011	<u>\$ 224,412</u>
Net capital, per above calculation	<u>\$ 224,412</u>

**HORAN SECURITIES, INC.**  
**REPORT ON INTERNAL CONTROL**  
**December 31, 2011**

DECOSIMO

**HORAN SECURITIES, INC.**  
**REPORT ON INTERNAL CONTROL**  
**December 31, 2011**

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT  
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PART III**

SEC FILE NUMBER  
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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: HORAN SECURITIES, INC.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

4990 EAST GALBRAITH ROAD, SUITE 102

(No. and Street)

CINCINNATI

OHIO

45236

(City)

(State)

(Zip Code)

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

TERENCE L. HORAN

(513) 745-0707

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

JOSEPH DECOSIMO AND COMPANY, PLLC

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

SUITE 1100 - TWO UNION SQUARE, CHATTANOOGA,

TENNESSEE

37402

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

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

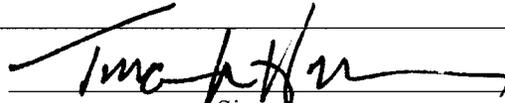
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

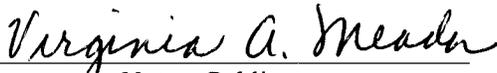
OATH OR AFFIRMATION

I, Terence L. Horan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Horan Securities, 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:

VIRGINIA A. MEADOR  
Notary Public, State of Ohio  
My Commission Expires 02-20-2016

  
Signature

PRINCIPAL  
Title

  
Notary Public

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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

Board of Directors and Stockholder  
Horan Securities, Inc.  
Cincinnati, Ohio

In planning and performing our audit of the financial statements of Horan Securities, 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 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 the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A 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 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 Company'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 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 as of 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.

Joseph Decosimo and Company, PLLC

Chattanooga, Tennessee

February 16, 2012

**HORAN SECURITIES, INC.**  
**REPORT OF INDEPENDENT ACCOUNTANTS**  
**RELATED TO SIPC ASSESSMENT**  
**RECONCILIATION AS REQUIRED**  
**UNDER SEC RULE 17a-5(e)(4)**

**December 31, 2011**

DECOSIMO

**HORAN SECURITIES, INC.**  
**REPORT OF INDEPENDENT ACCOUNTANTS**  
**RELATED TO SIPC ASSESSMENT**  
**RECONCILIATION AS REQUIRED**  
**UNDER SEC RULE 17a-5(e)(4)**

**December 31, 2011**

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-

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

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

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: HORAN SECURITIES, INC.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

4990 EAST GALBRAITH ROAD, SUITE 102

(No. and Street)

CINCINNATI

OHIO

45236

(City)

(State)

(Zip Code)

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

TERENCE L. HORAN

(513) 745-0707

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

JOSEPH DECOSIMO AND COMPANY, PLLC

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

SUITE 1100 - TWO UNION SQUARE, CHATTANOOGA,

TENNESSEE

37402

(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**

\*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)

OATH OR AFFIRMATION

I, Terence L. Horan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Horan Securities, Inc. 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:

VIRGINIA A. MEADOR
Notary Public, State of Ohio
My Commission Expires 02-20-2016

Terence L. Horan
Signature
Principal
Title

Virginia A. Meador
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).

Board of Directors and Stockholder  
Horan Securities, Inc.  
Cincinnati, Ohio

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 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 Horan Securities, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC solely to assist you in evaluating Horan Securities, Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Horan Securities, Inc.'s management is responsible for Horan Securities, 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 journals and general ledger, noting no differences;
2. Compared the amounts reported on the Forms X-17A-5 for the periods from January 1, 2011 through March 31, 2011, April 1, 2011 through June 30, 2011, July 1, 2011 through September 30, 2011, and October 1, 2011 through December 31, 2011, with the amounts reported in Form SIPC-7, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules including excludable revenues, net gain from securities in investment accounts and interest income, noting no differences; and
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related supporting schedules and workpapers including the SIPC-7 Summary Worksheet, Income Statement for SIPC-7 Report Accrual and Income Statement - 4th Quarter Focus Filing 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.

*Joseph Decosimo and Company, PLLC*

Chattanooga, Tennessee  
February 20, 2012

**SIPC-7**

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION  
P.O. Box 92185 Washington, D.C. 20090-2185  
202-371-8300

**General Assessment Reconciliation**

For the fiscal year ended December 31, 2011  
(Read carefully the instructions in your Working Copy before completing this Form)

**SIPC-7**

(33-REV 7/10)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

049192 FINRA DEC  
HORAN SECURITIES INC 18\*18  
4990 E GALBRAITH RD STE 102  
CINCINNATI OH 45236-6711

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

Kurt Krebs 513-745-0707

- 2. A. General Assessment (item 2e from page 2) \$ 5,723
- B. Less payment made with SIPC-6 filed (exclude interest) (2,897)
- 7/25/11  
Date Paid
- C. Less prior overpayment applied (10)
- D. Assessment balance due or (overpayment) 2,816
- E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum 0
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 2,816
- G. PAID WITH THIS FORM:  
Check enclosed, payable to SIPC  
Total (must be same as F above) \$ 2,816
- H. Overpayment carried forward \$(0)

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Horan Securities Inc

(Name of Corporation, Partnership or other organization)

Kurt Krebs

(Authorized Signature)

Dated the 17<sup>th</sup> day of February, 20 12.

Financial Operations Principal

(Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

**SIPC REVIEWER**

Dates: Postmarked Received Reviewed

Calculations \_\_\_\_\_ Documentation \_\_\_\_\_

Forward Copy \_\_\_\_\_

Exceptions:

Disposition of exceptions:

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

Amounts for the fiscal period  
beginning 1/1, 20 11  
and ending 12/31, 20 11

Eliminate cents

**Item No.**

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

\$ 2,607,668

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

- 0 -

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.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (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.
- (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):

283,338

820

31,603

(Deductions in excess of \$100,000 require documentation)

(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.

\$ 2,784

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ - 0 -

Enter the greater of line (i) or (ii)

2,784

Total deductions

318,545

2d. SIPC Net Operating Revenues

\$ 2,289,123

2e. General Assessment @ .0025

\$ 5,723

(to page 1, line 2.A.)