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

OMB APPROVAL

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FACING PAGE

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

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

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

**Thornhill Securities, Inc.**

OFFICIAL USE ONLY

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

FIRM ID. NO.

336 South Congress Avenue, Suite 200

(No. and Street)

Austin

(City)

Texas

(State)

78704

(Zip Code)

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

Gabe Thornhill

512-472-7171

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

**PMB Helin Donovan, LLP**

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

5918 Courtyard West, Suite 500

(Address)

Austin

(City)

Texas

(State)

78730

(Zip Code)

CHECK ONE:

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

**FOR OFFICIAL USE ONLY**

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

SEC 1410 (06-02)

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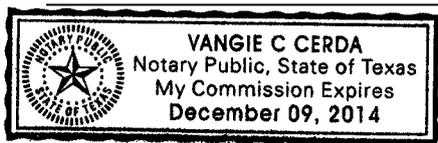
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OATH OR AFFIRMATION

I, Gabriel F. Thornhill, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Thornhill 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:

NONE



Gabe Thornhill  
Signature

President  
Title

Vangie C Cerda  
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 Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors – None.
- (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).



**THORNHILL SECURITIES, INC.**

**Financial Statements and Supplemental Schedule  
December 31, 2011**

**(With Independent Auditors' Report Thereon)**

**THORNHILL SECURITIES, INC.**  
Index to Financial Statements and Supplemental Schedule  
December 31, 2011

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**SUPPLEMENTAL SCHEDULE**

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## Independent Auditors' Report

To the Board of Directors and Shareholders' of Thornhill Securities, Inc.:

We have audited the accompanying statement of financial condition of Thornhill Securities, Inc. as of December 31, 2011, and the related statements of operations, changes in shareholders' 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 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 generally accepted audit standards 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 Thornhill Securities, 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 information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**PMB Helin Donovan, LLP**

*PMB Helin Donovan, LLP*

Austin, Texas  
February 22, 2012

**THORNHILL SECURITIES, INC.**  
Statement of Financial Condition  
December 31, 2011

**Assets**

Cash and cash equivalents	\$ 177,531
Receivable from clearing broker	9,067
Certificates of deposit	259,791
Clearing deposit	100,000
Prepaid expenses and accounts receivable	16,568
Fixed assets, net	<u>4,503</u>
Total assets	<u><u>\$ 567,460</u></u>

**Liabilities and Shareholders' Equity**

**Liabilities:**

Accrued expenses	\$ 4,452
Accounts payable	<u>3,424</u>
Total liabilities	<u><u>7,876</u></u>

**Shareholders' equity**

Common stock \$0.01 par value, 1,000,000 shares authorized, 30,000 shares issued and outstanding	300
Additional paid in capital	78,290
Retained earnings	<u>480,994</u>
Total shareholders' equity	<u><u>559,584</u></u>
Total liabilities and shareholder's equity	<u><u>\$ 567,460</u></u>

See notes to financial statements and independent auditors' report.

**THORNHILL SECURITIES, INC.**  
Statement of Operations  
For the Year Ended December 31, 2011

<b>Revenues</b>	
Brokerage revenues	\$ 1,124,386
Interest and other	7,536
Total revenues	<u>1,131,922</u>
<b>Expenses</b>	
Commissions, employee compensation and benefits	929,788
Clearing fees	89,978
Occupancy	43,872
Communications and exchanges	28,377
Professional fees	31,553
Insurance	16,179
Regulatory fees	18,805
Depreciation	2,020
Other	18,454
Total expenses	<u>1,179,026</u>
Loss from operations	(47,104)
Life insurance proceeds	<u>300,000</u>
Income before income tax expense	252,896
Income tax expense	<u>1,949</u>
Net income	<u>\$ 250,947</u>

See notes to financial statements and independent auditors' report.

**THORNHILL SECURITIES, INC.**  
**Statement of Changes in Shareholders' Equity**  
**For the Year Ended December 31, 2011**

	<u>Common stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-in</u>	<u>Earnings</u>	
			<u>Capital</u>		
Balances at January 1, 2011	30,000	\$ 300	78,290	230,047	308,637
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,947</u>	<u>250,947</u>
Balances at December 31, 2011	<u>30,000</u>	<u>\$ 300</u>	<u>78,290</u>	<u>480,994</u>	<u>\$ 559,584</u>

See notes to financial statements and independent auditors' report.

**THORNHILL SECURITIES, INC.**  
Statement of Cash Flows  
For the Year Ended December 31, 2011

<b>Cash flows from operating activities:</b>	
Net income	\$ 250,947
Adjustments to reconcile net income to net cash used by operating activities:	
Income from life insurance proceeds	(300,000)
Depreciation expense	2,020
Changes in assets and liabilities:	
Receivable from broker dealer	(8,134)
Prepaid expenses and accounts receivable	(157)
Accounts payable and accrued expenses	<u>(7,634)</u>
Net cash used by operating activities	<u>(62,958)</u>
 <b>Cash flows from investing activities:</b>	
Purchase of investments, net	(259,791)
Proceeds from life insurance settlement	300,000
Purchase of fixed assets	<u>(2,541)</u>
Net cash provided by investing activities	<u>37,668</u>
 <b>Cash flows from financing activities:</b>	
	<u>-</u>
Net increase in cash	(25,290)
Cash and equivalents at beginning of year	<u>202,821</u>
Cash and equivalents at end of year	<u><u>\$ 177,531</u></u>
 <b>Supplemental disclosures of cash flow information</b>	
Cash paid for income taxes	<u>\$ 293</u>
Cash paid for interest	<u><u>\$ 450</u></u>

See notes to financial statements and independent auditors' report.

## **THORNHILL SECURITIES, INC.**

Notes to the Financial Statements

December 31, 2011

### **Note 1- Description of Business**

Thornhill Securities, Inc. (Company) is a majority-owned subsidiary of Austin Trust Company (Parent). The Company is a registered broker-dealer in the general securities business. Securities traded include, but are not limited to, stocks, corporate bonds, U.S. government and government agency securities, mutual funds, money market instruments, and tax-exempt securities. The Company operates under the provisions of Paragraph K(2)(ii) of Rule 15c3-3 of the SEC, and accordingly is exempt from the remaining provisions of that Rule. The Company's customers consist primarily of individuals located in Texas and New Jersey.

### **Note 2- Summary of Significant Accounting Policies**

#### **Basis of Accounting**

These financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles whereby revenues and expenses are recognized in the period earned or incurred.

#### **Cash Equivalents**

For purposes of the statements of cash flows, the Company considers short-term investments which may be withdrawn at any time without penalty or will become available within one year from the date of the financial statements, to be cash equivalents.

#### **Certificates of Deposit**

The Company has three certificates of deposit at December 31, 2011 which are recorded at amortized cost. All three certificates of deposit mature during 2012.

#### **Securities Transactions**

Securities transactions and the related commissions revenues and expenses are recorded on the trade date basis.

#### **Fixed Assets**

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset, generally five years.

#### **Income Taxes**

The Company accounts for income taxes using the liability method whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

**THORNHILL SECURITIES, INC.**  
Notes to the Financial Statements  
December 31, 2011  
(Continued)

The Company regularly assesses uncertain tax positions in each of the tax jurisdictions in which it has operations and accounts for the related financial statement implications. Unrecognized tax benefits are reported using the two-step approach under which tax effects of a position are recognized only if it is “more-likely-than-not” to be sustained and the amount of the tax benefit recognized is equal to the largest tax benefit that is greater than fifty percent likely of being realized upon ultimate settlement of the tax position. Determining the appropriate level of unrecognized tax benefits requires the Company to exercise judgment regarding the uncertain application of tax law. The amount of unrecognized tax benefits is adjusted when information becomes available or when an event occurs indicating a change is appropriate. Future changes in unrecognized tax benefits requirements could have a material impact on the results of operations.

The Company files U.S. federal and U.S. state tax returns. The Company is generally no longer subject to tax examinations relating to federal and state tax returns for years prior to 2006.

#### Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Financial Instruments and Credit Risk

Financial instruments that potentially subject the Company to credit risk include cash and cash equivalents, receivables from broker-dealers and clearing organizations, and securities owned. Securities owned consist of securities held for trading purposes. Securities that are marketable are stated at fair market value (as determined by quoted market prices). The increase or decrease in net unrealized appreciation or depreciation of securities is credited or charged to operations.

#### Clearing Agreement

Thornhill Securities, Inc. has a clearing agreement with the Pershing Division of The Bank of New York (Pershing) whereby Pershing clears transactions for the Company’s customers and carries the accounts of such customers on a fully disclosed basis as customers of Pershing.

#### Fair Value Measurements

The fair value of the Company’s financial instruments reflects the amounts that the Company estimates to receive in connection with the sale of an asset or paid in connection with the transfer of a liability in an orderly transaction between market participants at the measurement date (exit price). Fair value measurement also established a fair value hierarchy that prioritizes the use of inputs used in valuation techniques into the following three levels:

- Level 1—quoted prices in active markets for identical assets and liabilities.
- Level 2—observable inputs other than quoted prices in active markets for identical assets and liabilities.
- Level 3—unobservable inputs.

Much of the disclosure is focused on the inputs used to measure fair value, particularly in instances where the measurement uses significant unobservable (Level 3) inputs.

**THORNHILL SECURITIES, INC.**  
Notes to the Financial Statements  
December 31, 2011  
(Continued)

**Management Review**

The Company has evaluated subsequent events through February 22, 2012, the date the financial statements were available to be issued.

**Recent Accounting Pronouncements**

Accounting standards that have been issued or proposed by the Financial Accounting Standards Board ("FASB") or other standards-setting bodies are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

**Note 3 - Net Capital Requirements**

The Company is subject to the SEC uniform net capital rule (15c3-1), which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2011, the Company had net capital, aggregate indebtedness and net capital requirements of \$522,250, \$7,876 and \$50,000, respectively. The Company's net capital ratio was .02 to 1.

**Note 4 - Fair Value of Financial Instruments**

Substantially all of the Company's financial assets and liabilities are carried at fair value or at amounts which, because of their short-term nature or because they carry market rates of interest, approximate current fair value at December 31, 2011.

**Note 5 - Related Party Transactions**

Its Parent uses the Company for its trading activities. Total commission revenue to the Company generated from trades made from its Parent and its officers totaled \$39,670 in 2011.

The Company leases office space and shares a phone system with its Parent. As a result, the Company has allocated a portion of its Parent's occupancy and general and administrative expense based on approximate usage. In 2011, the Company made payments of \$44,356 rent and \$18,375 for other expenses.

**Note 6 - 401(k) Plan**

The Company's employees are covered by a defined contribution plan that is intended to qualify under Internal Revenue Code Section 401(k). The plan covers all employees who are 21 years of age and older. Employee contributions are made through salary reductions and are currently matched 50% by the Company up to a maximum of \$1,000 per employee. The contributions vest to the employee over a six-year period. The Company made matching contributions of \$1,840 during 2011.

**THORNHILL SECURITIES, INC.**  
Notes to the Financial Statements  
December 31, 2011  
(Continued)

**Note 7- Fixed Assets**

Fixed assets consisted of the following at December 31, 2011:

Furniture and fixtures	\$ 23,972
Equipment and computers	<u>8,338</u>
	32,310
Less: accumulated depreciation	<u>(27,807)</u>
	<u>\$ 4,503</u>

Depreciation expense totaled \$2,020 for the year ended December 31, 2011.

**Note 8 - Commitments and Contingencies**

Operating Leases

The Company leases office equipment and office space, under non-cancellable operating leases. The office space is leased from the Company's parent. During 2012, the Company signed a new office space lease for a one year term. A summary of the total minimum lease payments under non-cancelable operating leases for office equipment follows:

<u>Year Ending December 31,</u>	<u>Lease Commitment</u>
2012	\$ 46,992
2013	2,340
2014	-
2015	-
2016 and thereafter	-
	<u>\$ 49,332</u>

Rental expense for these leases was \$48,620 for the year ended December 31, 2011.

Litigation

The Company is subject to various claims and legal actions arising in the ordinary course of business. At December 31, 2011, the Company was not involved in any litigation or active legal actions.

Clearing Agreement

Included in the Company's clearing agreement with its clearing broker-dealer, is an indemnification clause. This clause relates to instances where the Company's customers fail to settle security transactions. In the event this occurs, the Company will indemnify the clearing broker-dealer to the extent of the net loss on any unsettled trades. At December 31, 2011, management of the Company had not been notified by the clearing broker-dealer, nor were they otherwise aware, of any potential losses relating to this indemnification.

The agreement with the clearing broker-dealer calls for minimum charges of \$100,000 annually during the entire period of the agreement. The Company has a clearing deposit of \$100,000 with the clearing broker-dealer securing the charges and indemnification clause.

**THORNHILL SECURITIES, INC.**

Notes to the Financial Statements

December 31, 2011

(Continued)

**Note 9 - Concentrations**

Financial instruments that potentially subject the Company to a concentration of credit risk principally consist of cash and cash equivalents.

The Company had one customer that contributed to 23% of total brokerage revenues during 2011.

**Note 10 - Income Taxes**

Federal and state income tax expense for the year ending December 31, 2011 totaled \$1,949 as follows:

Federal income tax	\$	-
State income tax		<u>1,949</u>
Total income tax expense	\$	<u>1,949</u>

There were no significant temporary differences that gave rise to deferred tax assets or liabilities as of December 31, 2011, except for the net operating loss carry forward. At December 31, 2011, the Company had net operating loss carryforwards for federal income tax purposes of approximately \$104,300 which are available to offset future federal taxable income, if any, through 2031. The future benefit of the net operating loss has been offset with a valuation allowance due to the uncertainty of its realization.

A reconciliation of the U.S. statutory income tax rate to the effective rate for the year ended December 31, 2011 is as follows:

Tax expense at Federal Statutory rate of 34%	\$	85,985
Non-deductible expenses and other items		1,282
Non-taxable life insurance proceeds		(102,000)
Change in the beginning-of-year balance of the valuation allowance for deferred tax assets allocated to income tax expense		14,733
State income tax, net of Federal benefit		<u>1,949</u>
Income tax	\$	<u>1,949</u>

**Note 11 - Life Insurance Proceeds**

During 2011, the Company collected \$300,000 on a life insurance policy for the former President, Chairman of the Board and shareholder. In addition, the shares held were purchased by the current President of the Company.

## Schedule I

### THORNHILL SECURITIES, INC.

Computation of Net Capital and Aggregate Indebtedness  
Pursuant to Rule 15c3-1 of the Securities and Exchange Commission  
As of December 31, 2011

Total shareholders' equity qualified for net capital	\$ 559,584
Deductions and/or charges	
Non-allowable assets and related liabilities:	
Prepaid expenses and accounts receivable	16,568
Receivable from broker dealer	9,067
Fixed assets, net	4,503
Total deductions and/or charges	<u>30,138</u>
Net capital before haircuts on securities	529,446
Less:	
Haircuts on money market funds and investments	(7,196)
Total net capital	<u>\$ 522,250</u>
Aggregate indebtedness	
Accounts payable and accrued expenses	<u>\$ 7,876</u>
Total aggregate indebtedness	<u>\$ 7,876</u>
Computation of basic net capital requirement	
Minimum net capital required (greater of \$50,000 or 6 2/3% of aggregate indebtedness)	<u>\$ 50,000</u>
Net capital in excess of minimum requirement	<u>\$ 464,374</u>
Ratio of aggregate indebtedness to net capital	<u>.02 to 1</u>
Net capital, as reported in the Company's Part II (unaudited) Focus report filed with FINRA on January 20, 2011	\$ 533,293
Audit adjustments:	
Net effect of audit adjustments on net capital	<u>(11,043)</u>
Net capital per audit	<u>\$ 522,250</u>

See notes to financial statements and independent auditors' report.

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

Board of Directors Thornhill Securities, Inc.:

In planning and performing our audit of the financial statements of Thornhill Securities, Inc. (the Company), as of and for the year ended December 31, 2011, in accordance with the generally accepted auditing standards 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 compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e)
2. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13
3. 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
4. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3

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 *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 control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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 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, FINRA, 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.

**PMB Helin Donovan, LLP**

*PMB Helin Donovan, LLP*

Austin, TX  
February 22, 2012

### **Agreed-Upon Procedures Report Regarding Form SIPC-7**

To the Board of Directors of Thornhill Securities, Inc.:

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 Thornhill Securities, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Thornhill Securities, Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Thornhill Securities, Inc.'s management is responsible for the Thornhill 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 finding are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement record entries noting no differences;
2. Compared the amounts for the year ended December 31, 2011, as contained within the report on the audited Form X-17A-5 for the year ended December 31, 2011, with the amounts reported in Amended 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 the Form SIPC-7 and in the general ledger 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 be 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.

**PMB HELIN DONOVAN, LLP**

*PMB Helin Donovan, LLP*

February 22, 2012

# Amendment

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

**SIPC-7**

(33-REV 7/10)

**SIPC-7**

(33-REV 7/10)

## General Assessment Reconciliation

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

### 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:

Thornhill Securities, Inc.  
336 South Congress, Ste. 200  
Austin, TX 78704

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.

WORKING COPY

- |  |     |                                 |
|--|-----|---------------------------------|
| 2. A. General Assessment (Item 2e from page 2)   | \$  | <u>2,767.41</u>                 |
| B. Less payment made with SIPC-6 filed (exclude interest)                                | (   | <u>1,307.19</u> )               |
| <hr/>  |     |                                 |
| Date Paid  |     |                                 |
| C. Less prior overpayment applied  | (   | <u>                    </u> )   |
| D. Assessment balance due or (overpayment)   |     | <u>1,460.27</u>                 |
| E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum |     | <u>                    </u>     |
| F. Total assessment balance and interest due (or overpayment carried forward)            | \$  | <u>1,460.27</u>                 |
| G. PAID WITH THIS FORM:  |     |                                 |
| Check enclosed, payable to SIPC  | \$  | <u>2,210.27</u> previously paid |
| Total (must be same as F above)  |     |                                 |
| H. Overpayment carried forward   | \$( | <u>750.00</u> ) future credit   |

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.

Thornhill Securities, Inc.  
(Name of Corporation, Partnership or other organization)  
Mark Thornhill  
(Authorized Signature)  
President  
(Title)

Dated the 22 day of Feb, 2012.

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 Jan 1, 2011  
and ending Dec 31, 2011  
Eliminate cents

**Item No.**

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

\$ 1,427,122

**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.
- (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):

Keyman life insurance proceeds

20,159

300,000

(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).

\$ \_\_\_\_\_

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

Total deductions

320,159

2d. SIPC Net Operating Revenues

\$ 1,106,963

2e. General Assessment @ .0025

\$ 2,767.41

(to page 1, line 2.A.)