

KH
3/31

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

OMB APPROVAL
OMB Number: 3235-0123
Expires: April 30, 2013
Estimated average burden
hours per response . . . 12.00



12013815

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

SEC FILE NUMBER
8-50445

SEC Mail Processing
Section

FEB 29 2012

Washington, DC
110

FACING PAGE

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

REPORT FOR THE PERIOD BEGINNING January 1, 2011 AND ENDING December 31, 2011
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
Clark Securities, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
2100 Ross Avenue, Suite 2200

Dallas TX 75201-7906
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Pat Davis (214) 661-3542
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Ernst & Young LLP

801 Grand Avenue, Suite 3000 Des Moines Iowa 50309
(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

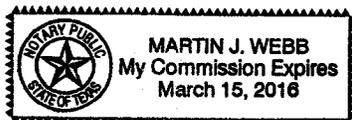
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (6-02) Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

AD
4/3

Oath or Affirmation

I, Pat Davis, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental information pertaining to the firm of Clark Securities, Inc. as of December 31, 2011, are true and correct. I further affirm that neither the Company nor any principal officer or director has any proprietary interest in any account classified solely as that of a customer.



Pat Davis

Financial & Operations Principal

Notary Public

This report contains:

- (a) Facing page
- (b) Statement of Financial Condition
- (c) Statement of Operations
- (d) Statement of Cash Flows
- (e) Statement of Changes in Stockholder's Equity
- (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) Supplementary Report of Independent Registered Public Accounting Firm on Internal Control Required by SEC Rule 17a-5(g)(1)

CLARK SECURITIES, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
Years Ended December 31, 2011 and 2010

Contents

Report of Independent Registered Public Accounting Firm.....	1
Financial Statements	
Statements of Financial Condition	2
Statements of Operations	3
Statements of Changes in Stockholder's Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Supplemental Information	
Supplemental Schedules:	
Computation of Net Capital Pursuant to SEC Rule 15c3-1	11
Statement Regarding Rule SEC 15c3-3	12

FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

Clark Securities, Inc.
Years Ended December 31, 2011 and 2010
With Report and Supplementary Report of
Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholder
Clark Securities, Inc.

We have audited the accompanying statements of financial condition of Clark Securities, Inc. (the Company) as of December 31, 2011 and 2010, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide 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 Clark Securities, Inc. at December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules are presented for the purpose of additional analysis and are not a required part of the financial statements but are 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. In our opinion, the information is fairly stated in all material requests in relation to the financial statements as a whole.

Ernst & Young LLP

February 24, 2012

CLARK SECURITIES, INC.
STATEMENTS OF FINANCIAL CONDITION

<i>(dollars in thousands, except for share data)</i>	December 31,	
	2011	2010
Assets		
Cash and cash equivalents	\$ 3,608	\$ 10,166
Commissions receivable, net of allowance (2011: \$30 and 2010: \$89)	624	1,363
Deferred tax asset, net	23	110
Prepaid expenses and other assets	109	221
Total assets	\$ 4,364	\$ 11,860
Liabilities and stockholder's equity		
Liabilities		
Commissions payable	\$ 104	\$ 306
Due to affiliates, net	2,065	1,590
Payable to parent under tax allocation agreement	23	461
Bonuses payable	33	92
Accounts payable and other accrued expenses	177	372
Total liabilities	2,402	2,821
Stockholder's equity		
Common stock, no par value, 1,000 shares authorized and issued	15	15
Additional paid-in capital	1,947	2,599
Retained earnings	0	6,425
Total stockholder's equity	1,962	9,039
Total liabilities and stockholder's equity	\$ 4,364	\$ 11,860

See accompanying notes.

CLARK SECURITIES, INC.
STATEMENTS OF OPERATIONS

<i>(dollars in thousands)</i>	For the Years Ended December 31,	
	2011	2010
Revenues		
Commission and fee income	\$ 11,301	\$ 20,470
Interest income	8	15
Total revenues	<u>11,309</u>	<u>20,485</u>
Expenses		
Commissions	2,419	3,615
Operating expenses	4,008	10,917
Total expenses	<u>6,427</u>	<u>14,532</u>
Income before income taxes	4,882	5,953
Income tax expense (benefit)		
Current	1,767	2,433
Deferred	87	(20)
Income tax expense (benefit)	<u>1,854</u>	<u>2,413</u>
Net income	<u>\$ 3,028</u>	<u>\$ 3,540</u>

See accompanying notes.

CLARK SECURITIES, INC.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

<i>(dollars in thousands)</i>	For the Years Ended December 31,	
	2011	2010
Common Stock	\$ 15	\$ 15
Additional Paid-in Capital		
Balance at beginning of year	\$ 2,599	\$ 2,572
Capital contribution from parent	88	27
Return of capital to parent	(740)	-
Balance at end of year	\$ 1,947	\$ 2,599
Retained Earnings		
Balance at beginning of year	\$ 6,425	\$ 9,920
Net income	3,028	3,540
Dividend to parent	(9,453)	(7,035)
Balance at end of year	\$ 0	\$ 6,425
Total Stockholder's Equity	\$ 1,962	\$ 9,039

See accompanying notes.

CLARK SECURITIES, INC.
STATEMENTS OF CASH FLOWS

<i>(dollars in thousands)</i>	For the Years Ended December 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 3,028	\$ 3,540
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Changes in:		
Commissions receivable	739	(324)
Payable to parent under tax allocation agreement	(438)	(525)
Due to affiliates	475	(1,352)
Deferred income taxes, net	87	(20)
Commissions payable	(202)	34
Prepaid expenses and other assets	112	(3)
Accounts payable and other accrued liabilities	(195)	274
Bonuses payable	(59)	(96)
Net cash and cash equivalents provided by operating activities	3,547	1,528
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution from parent	88	27
Return of capital to parent	(740)	-
Dividend to parent	(9,453)	(7,035)
Net cash and cash equivalents used in financing activities	(10,105)	(7,008)
Net decrease in cash and cash equivalents	(6,558)	(5,480)
Cash and cash equivalents, beginning of year	10,166	15,646
Cash and cash equivalents, end of year	\$ 3,608	\$ 10,166
Supplemental cash flow information		
Net cash paid (received) during the year for income taxes	\$ 2,117	\$ 2,932
Net cash paid during the year for interest	\$ 24	\$ 24

See accompanying notes.

CLARK SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands)

1. Summary of Significant Accounting Policies

Clark Securities, Inc. (the "Company") is a wholly owned subsidiary of Clark Consulting, LLC ("Clark Consulting" or the "Parent"), a limited liability company. Clark Consulting is a wholly owned subsidiary of AUSA Holding Company ("AUSA"), a wholly owned subsidiary of AEGON N.V., a public limited liability share company organized under Dutch law. The Company is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). In December 2010, the Company announced the decision to discontinue new sales. Prior to this decision, the Company was engaged in a single line of business as a securities broker-dealer for the sale of variable life insurance, mutual funds, and variable annuity contracts principally to large U.S. corporations.

Basis of Presentation

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

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 presentation.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and on deposit and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are primarily valued at amortized cost, which approximates fair value.

Deferred Income Taxes

Deferred income tax assets or liabilities are computed based on the difference between the financial statement and income tax bases of assets and liabilities, using the enacted marginal tax rate. Deferred income tax expenses or credits are based on the changes in the asset or liability from period to period.

Allowance for Doubtful Accounts

The Company establishes an allowance for doubtful accounts to reduce its receivables to their net realizable value. The allowance is estimated by management based on general factors such as the aging of the receivables and historical collection experience.

Commission Income

Commission income is accrued at the time a contract or policy application is completed, the premium is paid (if applicable), and the party is contractually committed to purchase the contract or policy. In addition, commission income from contract or policy renewals is recognized on the date that the renewal premium is due or paid by the client to the insurance company, depending on the type of policy.

Subsequent Events

The financial statements are adjusted to reflect events that occurred between the balance sheet date and the date when the financial statements are issued (February 24, 2012), provided they give evidence of conditions that existed at the balance sheet date.

Events that are indicative of conditions that arose after the balance sheet date are disclosed, but do not result in an adjustment of the financial statements themselves.

Recent Accounting Guidance

Current Adoption of Recent Accounting Guidance

Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures

On January 1, 2011, the Company adopted guidance (Accounting Standards Update ("ASU") 2010-06, *Improving Disclosures about Fair Value Measurements*) requiring separate presentation of information about purchases, sales, issuances, and settlements in the Level 3 reconciliation for fair value measurements using significant unobservable inputs. The adoption affected disclosures but did not impact the Company's results of operations or financial position.

ASC 310, Receivables

The Company adopted guidance (ASU 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*), which requires new and expanded financial statement disclosures as of the period ended December 31, 2011. An entity is required to provide qualitative and quantitative disclosures about the allowance for credit losses, credit quality, impaired loans, modifications, and nonaccrual and past due financing receivables. In addition, the disclosures must be disaggregated by portfolio segment or class of financing receivable based on how a company develops its allowance for credit losses and how it manages its credit exposure. The adoption required updates to the Company's financial statement disclosures, but did not impact the Company's results of operations or financial position.

Accounting Guidance Adopted in 2010

ASC 820, Fair Value Measurements and Disclosures

The Company adopted guidance (ASU 2010-06, *Improving Disclosures about Fair Value Measurements*) which includes new disclosures and clarifications of existing disclosures about fair value measurements for the period ended December 31, 2010. The guidance requires disclosure of significant transfers in and out of Levels 1 and 2 of the fair value hierarchy and reasons for the transfers. Additionally, the ASU clarifies the level of disaggregation for fair value disclosures, requiring disclosures for each class of assets and liabilities. The guidance clarifies that a reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements that fall in either Level 2 or Level 3. The adoption required updates to the Company's financial statement disclosures, but did not impact the Company's results of operations or financial position.

Future Adoption of Accounting Guidance

ASC 820, Fair Value Measurements and Disclosures

In May 2011, the Financial Accounting Standards Board ("FASB") issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, which amends current guidance to achieve common fair value measurement and disclosure requirements in U.S. GAAP and International Financial Reporting Standards. Some of the amendments represent clarifications of existing requirements. Other amendments change a particular principle or requirement for measuring fair value or disclosing information about fair value measurements. The guidance is effective for interim and annual periods beginning after December 15, 2011. The Company will adopt the guidance on January 1, 2012 and is currently evaluating its impact on the Company's results of operations and financial position.

2. Fair Value Measurements and Fair Value Hierarchy

ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements.

In accordance with ASC 820, the Company has categorized its financial instruments into a three-level hierarchy, which is based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the

inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded at fair value on the Statements of Financial Condition are categorized as follows:

- *Level 1.* Unadjusted quoted prices for identical assets or liabilities in an active market.
- *Level 2.* Quoted prices in markets that are not active or inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:
 - a) Quoted prices for similar assets or liabilities in active markets
 - b) Quoted prices for identical or similar assets or liabilities in non-active markets
 - c) Inputs other than quoted market prices that are observable
 - d) Inputs that are derived principally from or corroborated by observable market data through correlation or other means
- *Level 3.* Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. They reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The Company recognizes transfers between levels at the beginning of the quarter.

At December 31, 2011, there were no assets measured at fair value on a recurring basis, only operating cash. The following table presents the Company's hierarchy for its assets measured at fair value on a recurring basis at December 31, 2010:

	December 31, 2010			Total
	Level 1	Level 2	Level 3	
Assets				
Cash equivalents (a)	\$	10,018	\$	\$ 10,018
Total assets	\$ -	\$ 10,018	\$ -	\$ 10,018

- (a) Cash equivalents are primarily valued at amortized cost, which approximates fair value. Operating cash is not included in the above-mentioned tables.

During 2011 and 2010, there were no transfers between Level 1 and 2, respectively.

3. Income Taxes

The Company files consolidated federal and state tax returns (where applicable) with its Parent and affiliated group members. Under the terms of a tax-sharing agreement, each member of the group has agreed to pay its proportionate share of income taxes calculated on a separate return basis, except that tax credits, certain state income tax adjustments, and net operating loss carryforwards are determined on the basis of the consolidated group. Accrued separate Company state income taxes for consolidated state income tax returns that are not paid by the Company under the tax sharing agreement are settled through capital contributions or distributions to the Parent. The Company received such contributions from Clark Consulting of \$88 and \$27 at December 31, 2011 and 2010, respectively. Deferred income taxes have been established by each member of the consolidated group based upon temporary differences within each entity.

The provision for income tax expense consists of the following for the years ended December 31, 2011 and 2010:

	2011	2010
Federal	\$ 1,633	\$ 1,911
State	220	502
Total income tax expense	<u>\$ 1,854</u>	<u>\$ 2,413</u>

Federal income tax expense differs from the amount computed by applying the statutory federal income tax rate to income before income taxes due to nondeductible expenses and state taxes.

State income tax expense differs from the amount computed by applying the state income tax effective rate to income before income taxes due to nondeductible expenses and changes in estimated state tax rates between years. In addition, state taxes for some states are based on gross receipts instead of pre-tax income.

The Company provides for deferred income taxes resulting from temporary differences that arise from recording certain transactions in different years for income tax reporting purposes than for financial reporting purposes. These include accrued bonuses and vacation, and other expenses not deductible until future periods for tax purposes.

Deferred income taxes consist of the following at December 31, 2011 and 2010:

	2011	2010
Deferred tax assets	\$ 69	\$ 196
Deferred tax liabilities	(46)	(86)
Net deferred tax asset	<u>\$ 23</u>	<u>\$ 110</u>

At December 31, 2011 and 2010, there was no valuation allowance for deferred tax assets. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that all or some of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets depends on generation of further taxable income during the periods in which those temporary differences are deductible. Management considers the scheduled reversal of deferred tax liabilities, projected taxable income, and tax-planning strategies in making the assessment.

The Company has analyzed all material tax positions under the guidance of ASC 740, *Income Taxes*, related to the accounting for uncertainty in income tax and has determined that there are no tax benefits that should not be recognized as of December 31, 2011 or 2010. There are no unrecognized tax benefits that would affect the effective tax rates. It is not anticipated that the total amounts of unrecognized tax benefits will significantly increase within 12 months of the reporting date.

The Company classifies interest and penalties related to income taxes as interest expense and penalty expense, respectively. The Company has recognized no such penalties or interest in its financial statements for the years ended December 31, 2011 or 2010. The Company files a consolidated return in the U.S. federal tax jurisdiction and various state tax jurisdictions. The IRS audits are final for tax years prior to 2005.

4. Related Party Transactions

The Company receives commission revenue from affiliates under the terms of representative agreements. Commission revenues from affiliates were \$3,460 and \$3,614 during the years ended December 31, 2011 and 2010, respectively.

The Company records dividends and returns capital to its parent based on commission income less general and administrative expense and income tax allocations from the Parent. Timing and accruals can cause the distribution to its Parent to fluctuate. Dividends to its Parent during the years ended December 31, 2011 and 2010 were \$9,453 and \$7,035, respectively. Return of capital to the Parent during the year ended December 31, 2011 was \$740. There was no return of capital to the Parent for the year ended December 31, 2010.

The Company is party to a cost-sharing agreement between AUSA companies, providing general administrative services as needed. A portion of the Company's operating expenses is paid to subsidiaries of AUSA and represents both items specifically identifiable as attributable to the Company and an allocation of shared expenses among several affiliates. The Company's

portion of these shared expenses, which approximates the cost to the affiliates, was \$2,133 and \$8,437 for the years ended December 31, 2011 and 2010, respectively.

5. Net Capital Requirement

The Company is subject to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934. This rule prohibits the Company from engaging in any securities transactions when (a) its aggregate indebtedness exceeds 15 times its net capital or (b) its net capital is less than a minimum as defined by the rule. Net capital and the related net capital ratio may fluctuate daily. At December 31, 2011, the Company had net capital of \$1,690, which was \$1,530 in excess of its required net capital of \$160. The Company's ratio of aggregate indebtedness to net capital was 1.42 to 1 in 2011.

6. Commitments and Contingencies

In the normal course of business, the Company is subject to various claims and assessments. Management believes the settlement of these matters would not have a material effect on its financial position, results of operations or cash flows of the Company.

Supplemental Information

CLARK SECURITIES, INC.
COMPUTATION OF NET CAPITAL PURSUANT TO SEC RULE 15c3-1
December 31, 2011
(Dollars in Thousands)

Computation of net capital

Total stockholder's equity	\$	1,962
Nonallowable assets and deductions:		
Commissions receivable	\$	140
Other assets		132
Total nonallowable assets and deductions		<u>272</u>
Net capital	\$	<u><u>1,690</u></u>

Computation of alternative net capital requirement

Aggregate indebtedness	\$	2,402
Minimum net capital requirement (greater of \$5 or 6 2/3% of aggregate indebtedness)	\$	160
Excess net capital	\$	<u><u>1,530</u></u>
Ratio of aggregate indebtedness to net capital		<u><u>142%</u></u>

There were no material differences between the above computation and the Company's corresponding unaudited Part II of Form X-17A-5 as of December 31, 2011.

CLARK SECURITIES, INC.
STATEMENT REGARDING SEC RULE 15c3-3
December 31, 2011

The Company is exempt from SEC Rule 15c3-3 under paragraph (k)(1) of that Rule.