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SEC SECURITIES AND EXCHANGE COMMISSION  
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Washington, DC  
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

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

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

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: MAYHILL AGENCY, LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
3621 ROUTE 94

HAMBURG

(No. and Street)  
NJ

07419

(City)

(State)

(Zip Code)

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

HEATHER ARTSMA

973-209-2701

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

LIEBMAN GOLDBERG & HYMOWITZ, LLP

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

595 STEWART AVE., SUITE 420

GARDEN CITY

NY

11530

(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)

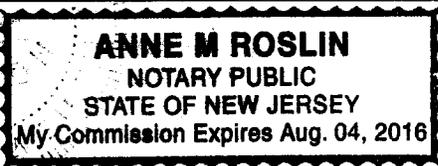
SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, RICHARD EGAN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MAYHILL AGENCY, LLC, 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:



Anne M. Roslin 2/23/12
Notary Public

Richard K. Egan
Signature
President
Title

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).

**SEC**  
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Section

FEB 27 2012

Washington, DC  
125

**MAYHILL AGENCY, LLC**  
**FINANCIAL STATEMENTS**  
**AND SCHEDULES FOR THE YEAR ENDED DECEMBER 31, 2011**  
**WITH**  
**INDEPENDENT AUDITORS' REPORT**

**MAYHILL AGENCY, LLC**

**For the year ended December 31, 2011**

**CONTENTS**

|   | <b>Page #</b> |
|---|---------------|
| Independent Auditors' Report  | 1             |
| <b>Financial statements:</b>  |               |
| Statement of financial condition  | 2             |
| Statement of income   | 3             |
| Statement of changes in members' equity   | 4             |
| Statement of cash flows   | 5             |
| Notes to financial statements   | 6 - 7         |
| <b>Supplemental information:</b>  |               |
| Computation of net capital and aggregate indebtedness                           | 8             |
| Computation of determination of reserve<br>requirements pursuant to Rule 15c3-3 | 9             |
| Reconciliation of the computation of net capital under Rule 15c3-1              | 10            |

**LIEBMAN GOLDBERG & HYMOWITZ LLP**

*Certified Public Accountants*

595 Stewart Avenue, Suite 420  
Garden City, New York 11530

Tel (516) 228-6600

Fax (516) 228-6664

**Independent Auditors' Report**

To the Members  
Mayhill Agency, LLC

We have audited the accompanying statement of financial condition of Mayhill Agency, LLC as of December 31, 2011, and the related statements of income, changes in members' 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mayhill Agency, LLC as of December 31, 2011 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on pages 8-10 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Liebman Goldberg & Hymowitz, LLP  
Garden City, New York

February 15, 2012

**MAYHILL AGENCY, LLC**

**STATEMENT OF FINANCIAL CONDITION**

**December 31, 2011**

**ASSETS**

|                  | <u>Allowable</u> | <u>Non-Allowable</u> | <u>Total</u>     |
|------------------|------------------|----------------------|------------------|
| Cash             | \$ 13,491        | \$ -                 | \$ 13,491        |
| Prepaid expenses | <u>-</u>         | <u>727</u>           | <u>727</u>       |
| Total assets     | <u>\$ 13,491</u> | <u>\$ 727</u>        | <u>\$ 14,218</u> |

**LIABILITIES AND MEMBERS' EQUITY**

|                                       | <u>Aggregate<br/>Indebtedness<br/>Liabilities</u> | <u>Nonaggregate<br/>Indebtedness<br/>Liabilities</u> | <u>Total</u>     |
|---------------------------------------|---|--|------------------|
| <b>Liabilities:</b>                   |   |  |                  |
| Accrued expenses                      | \$ 5,464  | \$ -   | \$ 5,464         |
| Total liabilities                     | <u>\$ 5,464</u>                                   | <u>\$ -</u>  | <u>5,464</u>     |
| <b>Members' Equity:</b>               |   |  |                  |
| Members' equity                       |   |  | <u>8,754</u>     |
| Total members' equity                 |   |  | <u>8,754</u>     |
| Total liabilities and members' equity |   |  | <u>\$ 14,218</u> |

The accompanying notes are an integral part of these financial statements.

**MAYHILL AGENCY, LLC**

**STATEMENT OF INCOME**

**For the year ended December 31, 2011**

**Revenues:**

|                                    |                  |           |
|------------------------------------|------------------|-----------|
| Sales of investment company shares | <u>\$ 70,936</u> |           |
| Total revenues                     |                  | \$ 70,936 |

**Expenses:**

|                            |            |                         |
|----------------------------|------------|-------------------------|
| NASD & SIPC fees           | 981        |                         |
| Professional fees          | 6,930      |                         |
| Rent and occupancy expense | 28,466     |                         |
| Telephone                  | 739        |                         |
| Postage                    | 352        |                         |
| Fin-op expense             | 13,200     |                         |
| Office expense             | <u>645</u> |                         |
| Total expenses             |            | <u>51,313</u>           |
| Net income                 |            | <u><u>\$ 19,623</u></u> |

The accompanying notes are an integral part of these financial statements.

**MAYHILL AGENCY, LLC**

**STATEMENT OF CHANGES IN MEMBERS' EQUITY**

**For the year ended December 31, 2011**

|                             |                 |
|-----------------------------|-----------------|
| Balance - January 1, 2011   | \$ 9,131        |
| Net income                  | 19,623          |
| Distributions to member     | <u>(20,000)</u> |
| Balance - December 31, 2011 | <u>\$ 8,754</u> |

The accompanying notes are an integral part of these financial statements.

**MAYHILL AGENCY, LLC**

**STATEMENT OF CASH FLOWS**

**For the year ended December 31, 2011**

**Cash flows from operating activities:**

|  |                  |
|--|------------------|
| Net income   | <u>\$ 19,623</u> |
| Adjustments to reconcile net income to net cash<br>provided by operating activities: |                  |
| Increase in prepaid expenses   | (727)            |
| Increase in accrued expenses   | <u>2,241</u>     |
| Net adjustments  | <u>1,514</u>     |
| Net cash provided by operating activities  | <u>21,137</u>    |

**Cash flows from financing activities:**

|   |                         |
|---|-------------------------|
| Distributions to member                 | <u>(20,000)</u>         |
| Net cash (used in) financing activities | <u>(20,000)</u>         |
| Increase in cash                        | 1,137                   |
| Cash, beginning of year                 | <u>12,354</u>           |
| Cash, end of year                       | <u><u>\$ 13,491</u></u> |

The accompanying notes are an integral part of these financial statements.

**MAYHILL AGENCY, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2011**

**Note 1 - Organization:**

The Company is a single member limited liability company organized on October 25, 2002. There were no transactions until December 23, 2003 when the company assumed the business activities and all assets and liabilities of Mayhill Agency, Inc., effective January 1, 2004. By virtue of this transaction, the FINRA has ruled the firm's business activity Mayhill Agency, Inc. will remain unchanged and constitutes a succession of the company.

**Note 2 - Significant Accounting Policies:**

**Securities Transactions:**

Securities owned are carried at market value and unrealized gains and losses are reflected in income. Securities transactions are recorded in amounts on a trade date basis. The Company did not enter into any securities transactions during the year ended 2011.

**Income Taxes:**

As a limited liability company (LLC), the Company is not subject to income taxes. The individual members of the LLC are taxed individually on their proportionate share of the Company's taxable income. Accordingly, no provision or liability for Federal or State income taxes is included in these financial statements.

**Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 amounts.

**Fair Value of Financial Instruments:**

The Company has adopted the required provisions of Topic 820, "Fair Value Measurements". Those provisions relate to our financial assets and liabilities carried at fair value and our fair value disclosures related to financial assets and liabilities. Topic 820 defines fair value, expands related disclosure requirements and specifies a hierarchy of valuation techniques based on the nature of the inputs used to develop the fair value measures. 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. There are three levels of inputs to fair value measurements - Level 1, meaning the use of quoted prices for identical instruments in active markets; Level 2, meaning the use of quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active or are directly or indirectly observable; and Level 3, meaning the use of unobservable inputs. Observable market data should be used when available. At December 31, 2011, the Company's fair value hierarchy consisted of level 1 inputs of cash in the amount of \$13,491.

**MAYHILL AGENCY, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2011**

**Note 2 - Significant Accounting Policies (continued):**

**Recent Accounting Pronouncements:**

A variety of proposed or otherwise potential accounting standards are currently under study by standard setting organizations and various regulatory agencies. Due to the tentative and preliminary nature of those proposed standards, management has not determined whether implementation of such proposed standards would be material to the financial statements of the Company.

**Note 3- Related Party Transactions:**

On or about January 1, 2011, the Company entered into a new lease agreement for its office space located in Hamburg, New Jersey. The building is owned by a company in which one of the owners is related to the member of Mayhill. The lease is for a ten-year period, which commenced January 1, 2011 and expires on December 31, 2021 with an option to renew for another ten years. The lease calls for monthly rent in the amount of \$2,187 plus an adjustment at year-end for real estate taxes.

Future minimum rental commitments for the year ending December 31, are as follows:

|                     |                  |
|---------------------|------------------|
| 2012                | \$ 26,250        |
| 2013                | 26,250           |
| 2014                | 26,250           |
| 2015                | 26,250           |
| 2016                | 26,250           |
| 2017 and thereafter | <u>131,250</u>   |
|                     | <u>\$262,500</u> |

Rent and occupancy expense for the year ended December 31, 2011 was \$28,466.

**Note 4 - Net Capital Requirements:**

The Company is subject to the Rules and Regulations of the Securities and Exchange Commission, and therefore must maintain "net capital" of not less than \$5,000. At December 31, 2011, the Company's "net capital" exceeded capital requirements by approximately \$ 3,754. The ratio of aggregate indebtedness to "net capital" was .6242 to 1.0.

**MAYHILL AGENCY, LLC**

**COMPUTATION OF NET CAPITAL AND AGGREGATE INDEBTEDNESS**

**December 31, 2011**

**Net Capital**

|   |                 |
|---|-----------------|
| Total ownership equity from statement of financial condition        | \$ 8,754        |
| Deduct ownership equity not allowed for net capital                 | <u>-</u>        |
| Total capital   | 8,754           |
| Deductions and/or charges   |                 |
| a) total non-allowable assets from statement of financial condition | <u>-</u>        |
| Net capital before haircuts on securities positions                 | <u>8,754</u>    |
| Net capital   | <u>\$ 8,754</u> |
| Minimum dollar net capital requirement                              | <u>\$ 5,000</u> |

**Aggregate Indebtedness**

|   |                 |
|---|-----------------|
| Total liabilities from statement of financial condition             | <u>\$ 5,464</u> |
| Percentage of aggregate indebtedness to net capital (\$5,464/8,754) | <u>62.42%</u>   |

**MAYHILL AGENCY, LLC**

**COMPUTATION OF DETERMINATION OF RESERVE**

**REQUIREMENTS PURSUANT TO RULE 15C3-3**

**December 31, 2011**

**A. Exemption provisions:**

26. An exemption from Rule 15c3-3 is claimed based upon the below section:

A. (K) (1) \$3,000 capital category as per Rule 15c3-1.

**B. Information relating to possession or control requirements  
(Rule 15c3-3).**

The broker-dealer had no fully paid or excess margin securities or customers during the year.

**MAYHILL AGENCY, LLC**

**RECONCILIATION OF THE COMPUTATION OF NET CAPITAL**

**UNDER RULE 15C3-1 BETWEEN THE UNAUDITED**

**FOCUS REPORT AND THE AUDITED FOCUS REPORT**

**December 31, 2011**

|  |                   |                          |
|--|-------------------|--------------------------|
| Net Capital per unaudited focus report             |                   | <b>\$ <u>10,642</u></b>  |
| Net capital per audited focus report               |                   | <b>\$ <u>8,754</u></b>   |
| Difference due to year-end adjustments as follows: |                   | <b>\$ <u>(1,888)</u></b> |
| Increase in expense accruals                       | <b>\$ (2,616)</b> |                          |
| Increase in prepaid expenses                       | <b>727</b>        |                          |
| Rounding   | <b>1</b>          |                          |
|  |                   | <b>\$ <u>(1,888)</u></b> |

**MAYHILL AGENCY, LLC**  
**INDEPENDENT AUDITORS' REPORT**  
**on**  
**INTERNAL ACCOUNTING CONTROL**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**LIEBMAN GOLDBERG & HYMOWITZ LLP**

*Certified Public Accountants*

595 Stewart Avenue, Suite 420  
Garden City, New York 11530

Tel (516) 228-6600

Fax (516) 228-6664

To the Members  
Mayhill Agency, LLC

In planning and performing our audit of the financial statements and supplemental schedules of Mayhill Agency, LLC (the Company) as of and for the year ended December 31, 2011 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
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 and correct misstatements on a timely basis. A significant deficiency is a control deficiency, or 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 previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, 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, the NASD, 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.



Liebman Goldberg & Hymowitz, LLP  
Garden City, New York

February 15, 2012

**MAYHILL AGENCY, LLC**  
**INDEPENDENT AUDITORS' REPORT**  
**ON**  
**SCHEDULE OF ASSESSMENT AND PAYMENTS TO THE SECURITIES**  
**INVESTOR PROTECTION CORPORATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**LIEBMAN GOLDBERG & HYMOWITZ LLP**

*Certified Public Accountants*

595 Stewart Avenue, Suite 420  
Garden City, New York 11530

Tel (516) 228-6600

Fax (516) 228-6664

To the Members  
Mayhill Agency, LLC

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 Mayhill Agency, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC, solely to assist you and the other specified parties in evaluating Mayhill Agency, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Mayhill Agency, LLC's management is responsible for the Mayhill Agency, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries and cancelled checks noting no differences.
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2011, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2011 noting no differences.
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences.
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers noting no differences.
5. Payment schedule attached.

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.



Liebman Goldberg & Hymowitz, LLP  
Garden City, NY

February 15, 2012

**PAYMENT SCHEDULE**

| <u>DATE</u> | <u>PAID TO</u> | <u>AMOUNT</u> | <u>MAILED TO:</u>                           |
|-------------|----------------|---------------|---|
| 07/29/2011  | SIPC           | \$103.91      | P.O. Box 92185<br>Washington, DC 20090-2185 |