

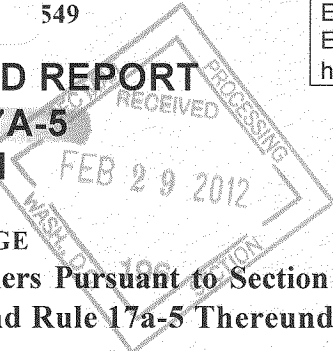
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COMMISSION 549

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



SEC FILE NUMBER
8-68154

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 01/01/2011 AND ENDING 12/31/2011  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Mundial Financial Group, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

15233 Ventura Blvd., Suite 712

(No. and Street)

Sherman Oaks,

(City)

CA

(State)

91403

(Zip Code)

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

Eric Flesche

818-804-4620

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Elizabeth Tractenberg, CPA

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

3832 Shannon Road,

(Address)

Los Angeles

(City)

CA

(State)

90027

(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)

KJ 4/2

OATH OR AFFIRMATION

I, Eric Flesche, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Mundial Financial Group, 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:

None

Paul [Signature]

Signature

CFO

Title



[Signature]

Notary Public

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

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

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

**Mundial Financial Group, LLC**  
**Report Pursuant to Rule 17a-5 (d)**  
**Financial Statements**  
**For the Year Ended December 31, 2011**

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**Elizabeth Tractenberg, CPA**  
3832 SHANNON ROAD  
LOS ANGELES, CALIFORNIA 90027  
323/669-0545 – Fax 323/669-0575  
elizabeth@tractenberg.net

Independent Auditor's Report

Members

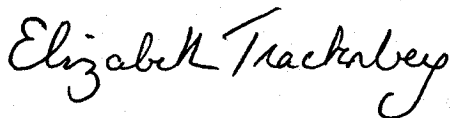
Mundial Financial Group, LLC  
Sherman Oaks, California

I have audited the accompanying statement of financial condition of Mundial Financial Group, LLC (the Company) as of December 31, 2011 and related statements of income, changes in financial condition, and changes in members' equity for the year then ended. These financial statements are being filed pursuant to Rule 17a-5 of the Securities Exchange Act of 1934 and include the supplemental schedule of the net capital computation required by rule 15c3-1. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, such financial statements referred to above present fairly, in all material respects, the financial condition of the Company as of December 31, 2011 and the results of its income, changes in financial condition and members' equity for the year then ended in conformity with accounting principles generally accepted in the United States.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II and III 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Elizabeth Tractenberg, CPA  
Los Angeles, California  
February 1, 2012

**Mundial Financial Group, LLC**  
**Statement of Financial Condition**  
**December 31, 2011**

Assets

Cash		\$ 43,464
Receivable		<u>800</u>
Total Assets		<u>\$ 44,264</u>

Liabilities and Members' Equity

Liabilities		
Accounts payable		\$ <u>3,212</u>
Total Liabilities		<u>3,212</u>
Members' Equity		
Paid-in capital	\$ 44,000	
Retained earnings	<u>(2,948)</u>	<u>41,052</u>
Total Liabilities and Members' Equity		<u>\$ 44,264</u>

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

**Mundial Financial Group, LLC**  
**Statement of Income**  
**For the Year Ended December 31, 2011**

Revenues	
Services	\$ 25,000
Gain on sale of securities	<u>1,600</u>
Total Revenues	<u>26,600</u>
Expenses	
Office expense	3,263
Professional expenses	8,225
Regulatory fees	2,676
Taxes and licenses	1,261
All other expenses	<u>526</u>
Total Expenses	<u>15,951</u>
Income Before Tax Provision	10,649
Income Tax Provision	<u>800</u>
Net Income	<u>\$ 9,849</u>

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

**Mundial Financial Group, LLC**  
**Statement of Changes in Members' Equity**  
**For the Year Ended December 31, 2011**

	Contributed Capital	Retained Earnings (Deficit)	Total
January 1, 2011	\$ 44,000	\$ (12,797)	\$ 31,203
Net Income	_____	9,849	9,849
December 31, 2011	\$ 44,000	\$ (2,948)	\$ 41,052

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



**Mundial Financial Group, LLC**  
**Statement of Changes in Financial Condition**  
**For the Year Ended December 31, 2011**

Cash Flows from Operating Activities:	
Net income	\$ 9,849
Changes in operating assets and liabilities:	
Accounts receivable	(800)
Accounts payable	<u>3,212</u>
Net cash provided in operating activities	12,261
Cash Flows from Investing Activities:	<u>-</u>
Cash Flows for Financing Activities:	<u>-</u>
Net increase in cash	12,261
Cash at beginning of year	<u>31,203</u>
Cash at end of year	<u>\$ 43,464</u>

**SUPPLEMENTAL INFORMATION**

Interest paid	\$ <u>-</u>
Income taxes paid	\$ <u>800</u>

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

**Mundial Financial Group, LLC**  
**Notes to Financial Statements**  
**December 31, 2011**

**NOTE 1 - NATURE OF BUSINESS**

Mundial Financial Group, LLC, (the "Company") was incorporated in the State of California on January 11, 2008 and is registered with the Securities and Exchange Commission as a broker-dealer in securities. On January 14, 2011, the Company became registered as a broker-dealer with FINRA. The Company is primarily engaged in retailing equity securities over-the-counter, selling corporate debt securities, underwriting corporate securities other than mutual fund, mutual fund retailing, U.S. government securities broker, put and call broker or dealer or option writer, non-exchange member arranging for transactions in listed securities by exchange members and private placements of securities. The Company has one office, Sherman Oaks, California.

The Company does not hold customers' funds or securities. As a result, the Company is exempt from certain provisions and requirements of the Securities Exchange Commission.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**Securities Inventory**

Securities inventory is valued at zero as the securities are restricted and there is no current market for the stocks.

**Securities Transactions**

Customers' securities transactions and related commission income and expenses are recorded on a trade-date basis.

**Revenue Recognition** - The Company recognizes revenue upon rendering of services. However, in the case where restricted stock is received and there is no open market for the stock, revenue is recognized when the stock is sold.

**Property, Equipment and Depreciation** - Property and equipment are carried at cost. Depreciation is calculated on the straight-line method over estimated economic lives which are generally five years.

**Mundial Financial Group, LLC**  
**Notes to Financial Statements**  
**December, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income taxes** - Income taxes are provided based on earnings reported for financial statement purposes. In accordance with FASB ASC 740, the asset and liability method requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between tax basis and financial reporting basis of assets and liabilities

**NOTE 3 - NET CAPITAL REQUIREMENT**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital (\$5,000), as defined, under such provisions. See page 9 for the computation of net capital.

**NOTE 4 – PROVISION FOR INCOME TAXES**

The Company files its income tax returns as a Limited Liability Company (LLC). Income and losses of LLC's pass directly to the members. The State of California requires LLC's to pay a minimum \$800 plus a percent of its revenue computed on an ascending scale.

**NOTE 5 - OFF BALANCE-SHEET RISK**

The customers' securities transactions are introduced on a fully disclosed basis with its clearing broker-dealer. The clearing broker-dealer carries all of the accounts of the customers of the Company and is responsible for execution, collection and payment of funds, and receipt and delivery of securities relative to customers' transactions. Off balance-sheet risk exists with respect to these transactions due to the possibility that a customer may charge any losses it incurs to the Company. The Company seeks to minimize this risk through procedures designed to monitor the credit worthiness of its customers and to ensure that customer transactions are executed properly by the clearing broker-dealer.

**NOTE 6 – AFFILIATED COMPANIES**

Certain officers of the Company are also officers of another Company, Glendale Securities, Inc. and are deemed to be under common control. In addition, \$1,600 capital gain was generated from the sales of restricted stock to a fund managed by members of the Company.

**NOTE 7 - SIPC SUPPLEMENTARY REPORT REQUIREMENT**

The Company is not required to complete the SIPC Supplementary Report under SEC Rule 17a-5(e) (4) for fiscal year ending December 31, 2011 because the Company's SIPC Net Operating Revenues are under \$500,000.

**Mundial Financial Group, LLC**  
**Notes to Financial Statements**  
**December 31, 2011**

**NOTE 8 – SUBSEQUENT EVENTS**

Management has reviewed the results of operations for the period of time from its year end December 31, 2011 through February 1, 2012, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying combined financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**Mundial Financial Group, LLC**  
**Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**December 31, 2011**

Computation of Net Capital	
Total ownership equity from statement of financial condition	\$ 41,052
Non allowable assets	
Receivables	<u>(800)</u>
Net Capital	<u>\$ 40,252</u>
Computation of Net Capital Requirements	
Minimum net aggregate indebtedness - 6-2/3% of net aggregate indebtedness	<u>\$ 214</u>
Minimum dollar net capital required	<u>\$ 5,000</u>
Net Capital required (greater of above amounts)	<u>\$ 5,000</u>
Excess Capital	<u>\$ 35,252</u>
Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)	<u>\$ 39,931</u>
Computation of Aggregate Indebtedness	
Total liabilities net of deferred income taxes payable and deferred income	<u>\$ 3,212</u>
Aggregate indebtedness to net capital	.08 to 1
The following is a reconciliation of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 179-5(d)(4):	
Net Capital Per Company's Computation	<u>\$ 40,252</u>
Variance - NONE	
Net Capital Per Audited Report	<u>\$ 40,252</u>

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

**Mundial Financial Group, LLC**  
**Schedule II – Computation for Determination of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2011**

A computation of reserve requirement is not applicable to Mundial Financial Group, LLC as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (ii).

**Mundial Financial Group, LLC**  
**Schedule III – Information Relating to Possession or Control**  
**Requirements under Rule 15c3-3**  
**As of December 31, 2011**

Information relating to possession or control requirements is not applicable to Mundial Financial Group, LLC as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (ii).

**Elizabeth Tractenberg, CPA**  
3832 SHANNON ROAD  
LOS ANGELES, CALIFORNIA 90027  
323/669-0545 – Fax 323/669-0575  
elizabeth@tractenberg.net

**PART II**  
**Independent Auditor's Report**  
**on Internal Accounting Control Required by SEC Rule 17a-5**

Members  
Mundial Financial Group, LLC  
Sherman Oaks, California

In planning and performing my audit of the financial statements of Mundial Financial Group, 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, I considered the Company's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, I 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), I 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 I 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, I 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 previously 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.



Members  
Mundial Financial Group, LLC  
Sherman Oaks, California

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.

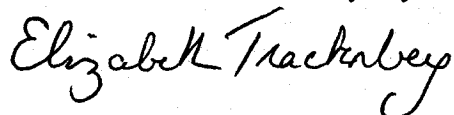
A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

My 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. I did not identify any deficiencies in internal control and control activities for safeguarding securities that I consider to be material weaknesses, as defined previously.

I 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 my study, I 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 Members, management, the SEC, and 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.



Elizabeth Tractenberg, CPA  
Los Angeles, California  
February 1, 2012