

SECURITIES AND EXCHANGE COMMISSION

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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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **Brighton Securities Corp.**  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

**1703 Monroe Avenue**

(No and Street)

**Rochester**

(City)

**NY**

(State)

OFFICIAL USE ONLY

FIRM I.D. NO.

**14618**

(Zip Code)

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

**George T. Conboy**

**(585) 473-3590**

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

**Salmin, Celona, Wehrle & Flaherty, LLP**

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

**1170 Chili Avenue**

(Address)

**Rochester**

(City)

**NY**

(State)

**14624**

(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)

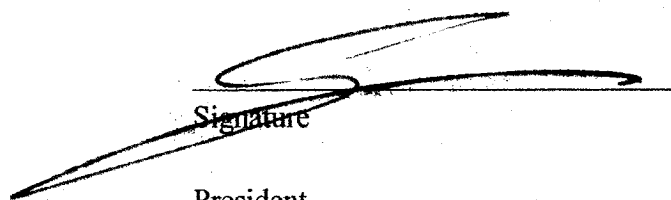
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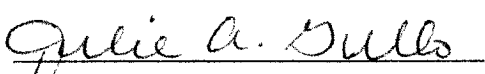
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**OATH OR AFFIRMATION**

I, George T. Conboy, swear (or affirm) that, to the best of my knowledge and belief the accompanying Statements of Financial Condition pertaining to the firm of Brighton Securities Corp., 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.

  
\_\_\_\_\_  
Signature  
\_\_\_\_\_  
President  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Notary Public

**JULIE A. GULLO**  
Notary Public, State of New York  
No. 01GU4955352  
Qualified in Wayne County  
Commission Expires Aug. 28, 2013

This report contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income.
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Shareholders' 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 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.
- (o) Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5.

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

# SALMIN, CELONA, WEHRLE & FLAHERTY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

1170 CHILI AVENUE • ROCHESTER, NY 14624-3033  
585 / 279 / 0120 • FAX 585 / 279 / 0166 • EMAIL postmaster@scwf-cpa.com

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders  
Brighton Securities Corp.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements of financial condition are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audits provide a reasonable basis for our opinion.

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

*Salmin, Celona, Wehrle & Flaherty, LLP*  
Salmin, Celona, Wehrle & Flaherty, LLP

February 23, 2012

BRIGHTON SECURITIES CORP.  
STATEMENTS OF FINANCIAL CONDITION  
DECEMBER 31, 2011 AND 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 171,914	\$ 229,389
Marketable securities, at fair value	1,131,464	997,141
Commissions receivable	216,001	345,594
Notes receivable from employees	104,892	145,636
Stock subscription receivable	72,614	82,159
Prepaid expenses	67,171	56,047
Property and equipment - net of accumulated depreciation	263,679	327,793
Other assets - net of accumulated amortization	<u>7,100</u>	<u>16,564</u>
Total assets	<u>\$ 2,034,835</u>	<u>\$ 2,200,323</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:

Accrued commissions, expenses and other liabilities	\$ 210,088	\$ 274,144
Accrued profit sharing contribution	81,000	81,000
Note payable	<u>87,847</u>	<u>-</u>
Total liabilities	<u>378,935</u>	<u>355,144</u>

Shareholders' equity:

Common stock - \$.10 par value, 400 shares authorized, 34.98 shares issued in 2011 and 2010, 13 shares outstanding in 2011 and 18 shares outstanding in 2010	3	3
Capital in excess of par	113,228	113,228
Retained earnings	<u>2,917,814</u>	<u>2,587,067</u>
	3,031,045	2,700,298
Less: Cost of 21.98 shares in 2011 and 16.98 shares in 2010 of common stock held in treasury	<u>(1,375,145)</u>	<u>(855,119)</u>
Total shareholders' equity	<u>1,655,900</u>	<u>1,845,179</u>
Total liabilities and shareholders' equity	<u>\$ 2,034,835</u>	<u>\$ 2,200,323</u>

See accompanying notes to statements of financial condition

BRIGHTON SECURITIES CORP.  
NOTES TO STATEMENTS OF FINANCIAL CONDITION  
DECEMBER 31, 2011 AND 2010

1. THE COMPANY

Brighton Securities Corp. (Company) is a broker/dealer registered with the Securities and Exchange Commission (SEC). The Company is a member of the Financial Industry Regulatory Authority (FINRA) and is registered to solicit business in thirty three states. The Company, which maintains offices in Brighton and Batavia, New York, is an "introducing broker" and primarily earns commissions on the buying and selling of financial instruments. The Company also provides income tax preparation services. The Company's customers are primarily located in the Western New York area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The Company reports on the accrual basis of accounting which recognizes revenues when earned and expenses when incurred.

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 estimates.

Securities Transactions - Commissions and related clearing expenses are recorded on a trade date basis as securities transactions occur.

Cash and Cash Equivalents - The Company considers all cash on hand, cash in banks and short-term investments with an original maturity of three months or less to be cash and cash equivalents for financial reporting purposes.

Marketable Securities - Marketable securities are recorded at fair value in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) regarding fair value measurements and disclosures.

Commissions Receivable - Commissions receivable presented in the Statements of Financial Condition primarily represent amounts due from the Company's clearing agent, First Clearing Corporation, and were received in full on January 3, 2012.

Property, Equipment and Depreciation - Property and equipment are stated at cost. When retired or otherwise disposed of, the related cost and accumulated depreciation are cleared from the respective accounts.

Depreciation is computed using straight-line and declining balance methods over the following estimated useful lives:

Leasehold improvements	7-39 years
Furniture and fixtures	5-10 years
Equipment	3- 7 years

Other Assets - Other assets represents acquired intangible assets, including customer lists and employment and nonsolicitation agreements. These assets are being amortized on the straight-line method over their estimated useful lives to the Company, which range from three to seven years.

BRIGHTON SECURITIES CORP.  
NOTES TO STATEMENTS OF FINANCIAL CONDITION  
DECEMBER 31, 2011 AND 2010

3. FAIR VALUE MEASUREMENT

The Company accounts for its marketable securities in accordance with the ASC regarding fair value measurements and disclosures. This standard defines fair value, establishes a framework for measuring fair value and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by the standard, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table presents the Company's fair value hierarchy for marketable securities measured at fair value on a recurring basis as of December 31:

	<u>2011</u>	<u>2010</u>
Level 1	\$ 1,131,464	\$ 997,141
Level 2	-	-
Level 3	-	-
Total	<u>\$ 1,131,464</u>	<u>\$ 997,141</u>

BRIGHTON SECURITIES CORP.  
NOTES TO STATEMENTS OF FINANCIAL CONDITION  
DECEMBER 31, 2011 AND 2010

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2011	2010
Leasehold improvements	\$ 319,923	\$ 309,069
Furniture and fixtures	224,678	227,446
Equipment	225,788	225,788
	770,389	762,303
Less: Accumulated depreciation	506,710	434,510
	\$ 263,679	\$ 327,793

5. OTHER ASSETS

Other assets consist of the following intangible assets subject to amortization at December 31:

	2011	2010
Customer lists	\$ 106,000	\$ 106,000
Employment/nonsolicitation agreement	159,000	159,000
	265,000	265,000
Less: Accumulated amortization	257,900	248,436
	\$ 7,100	\$ 16,564

Estimated amortization for the year ending December 31, 2011 is \$7,100.

6. NOTE PAYABLE

During 2011, the Company purchased all of the stock of a former shareholder for \$520,026 by issuing a note payable. The note bears interest at 3.25% per annum and requires 12 monthly installments of principal and interest equal to \$44,102, beginning April 1, 2011.

7. LEASES

The Company is obligated under leases for its Brighton and Batavia office facilities. The Brighton office lease is for a twelve-year period through December, 2016, with an annual base rent of \$130,020 through December, 2014 and \$141,722 through December, 2016, payable in monthly installments, plus certain repairs and maintenance expenses, and real estate taxes. The Batavia office lease requires an annual rent of \$15,000 payable in monthly installments, plus certain repairs and maintenance expenses, through January, 2013.

8. RETIREMENT PLAN

The Company sponsors a 401(k) profit sharing plan which covers all full-time employees. Contributions to the plan are made at the discretion of the Company's Board of Directors.

BRIGHTON SECURITIES CORP.  
NOTES TO STATEMENTS OF FINANCIAL CONDITION  
DECEMBER 31, 2011 AND 2010

9. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2011, the Company had net capital of \$1,046,342, which was \$946,342 in excess of its required net capital of \$100,000, and a ratio of aggregate indebtedness to net capital of .3622 to 1.

10. INCOME TAX MATTERS

The Company, with the consent of its stockholders, has elected to be taxed as an S Corporation. These sections of federal and state income tax law provide that, in lieu of Company income taxes, the stockholders separately account for their pro rata shares of the Company's items of income, deductions, losses and credits. As a result of this election, no income taxes have been recognized in the accompanying financial statements, except for the New York State Franchise Tax on S Corporations.

In accordance with the provisions of the ASC pertaining to accounting for uncertainty in income taxes, the Company evaluates tax positions taken for potential uncertainties. Management is not aware of any uncertain tax positions requiring measurement or disclosure in these financial statements. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed.

11. OFF-BALANCE SHEET CREDIT RISK AND CONCENTRATIONS

As discussed in Note 1, the Company executes transactions and introduces them to a Clearing Broker on a fully disclosed basis. The Clearing Broker processes transactions comprising approximately 70% of the Company's total revenue. The Company's exposure to credit risk associated with nonperformance of its customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair the customers' ability to satisfy their obligations to the Company.

The Company, through its Clearing Broker, seeks to control these risks by requiring customers to maintain sufficient levels of collateral in compliance with various regulatory and internal guidelines. The Clearing Broker monitors the required margin levels daily and, pursuant to such guidelines, requires the customers to deposit additional collateral or reduce positions, when necessary. The Company's policy is to monitor its market exposure risk. In addition, the Company has a policy of reviewing, as considered necessary, the credit standing of each customer with which it conducts business.

The Company is also engaged in various trading and brokerage activities in which counterparties primarily include broker/dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the auditors' report, which is the date the financial statements were available to be issued.