



SECURITIES,  
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06/13/12

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

SEC FILE NUMBER  
 8-40671 ✓

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 July 1, 2010 AND ENDING June 30, 2011  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Freedom Investors Corp.

OFFICIAL USE ONLY  
 FIRM I.D. NO.

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

333 Bishops Way Suite 122

(No. and Street)

Brookfield

WI

53005

(City)

(State)

(Zip Code)

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

Amy Siesennop

(262) 436-8730

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Reilly, Penner & Benton LLP

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

1233 North MAYfair Road, Suite 302

Milwaukee

WI 53226

SECURITIES AND EXCHANGE COMMISSION

(Address)

(City)

(State)

RECEIVED

CHECK ONE:

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

MAY 30 2012

DIVISION OF TRADING & MARKETS

**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)

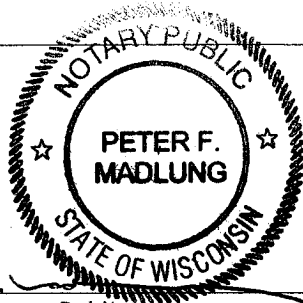
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06/13/12

OATH OR AFFIRMATION

I, Amy Siesennop, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Freedom Investors Corp., as of June 30, 20 11, 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



2/17/2013

[Signature]  
Notary Public

Amy Siesennop  
Signature

CFO  
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).

**FREEDOM INVESTORS CORP.**  
Brookfield, Wisconsin

**AUDITED FINANCIAL STATEMENTS**

Year Ended June 30, 2011

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Richard A. Raymaker  
Steven C. Barney  
Steven R. Volz  
Daniel R. Brophrey  
Thomas G. Wieland  
Michael W. Van Wagenen



David A. Grotkin  
Joel A. Joyce  
Brian J. Mechenich  
Carrie A. Gindt  
Patrick G. Hoffert

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Freedom Investors Corp.

We have audited the accompanying balance sheet of Freedom Investors Corp. as of June 30, 2011 and the related statements of income, changes in stockholder's equity and cash flows for the year 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 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 Freedom Investors Corp. at June 30, 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 made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying computation of net capital and aggregate indebtedness schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Securities and Exchange Commission. This 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Reilly, Penner &amp; Benton LLP". The signature is written in a cursive, flowing style.

August 24, 2011  
Milwaukee, Wisconsin



**FREEDOM INVESTORS CORP.**  
Brookfield, Wisconsin

**Balance Sheet**  
June 30, 2011

**ASSETS**

**Current Assets:**

Cash and equivalents	\$ 44,038
Accounts receivable - Commissions	<u>21,259</u>
Total current assets	65,297

**Other Assets:**

Accounts receivable	94,120
<b>Total assets</b>	<u><u>\$ 159,417</u></u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**Current Liabilities:**

Commissions payable	\$ 17,011
Payroll taxes payable	6,982
Income taxes payable	2,625
Deferred income taxes	<u>1,000</u>
<b>Total current liabilities</b>	27,618

**Stockholder's Equity:**

Common stock	1,000
Additional paid in capital	152,384
Retained earnings (deficit)	<u>(21,585)</u>
<b>Total stockholder's equity</b>	<u>131,799</u>
<b>Total liabilities and stockholder's equity</b>	<u><u>\$ 159,417</u></u>

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

**FREEDOM INVESTORS CORP.**

Brookfield, Wisconsin

**Statement of Income**

For the Year Ended June 30, 2011

<b>Income:</b>		
Commissions earned	\$	1,083,529
<b>Expenses:</b>		
Commission expense		405,593
Payroll and payroll taxes		183,978
Management fees		419,500
Insurance		22,043
Other operating expenses		37,320
Total expenses		<u>1,068,434</u>
Income from operations		15,095
<b>Other Income:</b>		
Interest income		<u>10,729</u>
Income before income taxes		25,824
<b>Provision for Income Taxes</b>		<u>3,625</u>
<b>Net income</b>	\$	<u><u>22,199</u></u>

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

**FREEDOM INVESTORS CORP.**

Brookfield, Wisconsin

**Statement of Changes in Stockholder's Equity**

For the Year Ended June 30, 2011

	<u>Common Stock</u>	<u>Additional Paid In Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
Balance, July 1, 2010	\$ 1,000	\$ 152,384	\$ (43,784)	\$ 109,600
Net income	-	-	22,199	22,199
Balance, June 30, 2011	<u>\$ 1,000</u>	<u>\$ 152,384</u>	<u>\$ (21,585)</u>	<u>\$ 131,799</u>

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

**FREEDOM INVESTORS CORP.**  
Brookfield, Wisconsin

**Statement of Cash Flows**  
For the Year Ended June 30, 2011

Cash Flows from Operating Activities:		
Net income	\$	22,199
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
Accounts receivable		(10,843)
Accounts payable		(2,605)
Payroll taxes payable		6,982
Deferred income taxes		1,000
Income taxes payable		1,625
Net cash from operating activities		<u>18,358</u>
Cash and equivalents, beginning of year		<u>25,680</u>
Cash and equivalents, end of year	\$	<u><u>44,038</u></u>

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



**FREEDOM INVESTORS CORP.**

Brookfield, Wisconsin

**Notes to Financial Statements**

June 30, 2011

**1. Summary of Significant Accounting Policies**

**Business Activity**

The Company was incorporated in the state of Wisconsin on November 25, 1988. The Company is registered with the Securities and Exchange Commission, Financial Industry Regulatory Authority, and Securities Investor Protection Corporation. The Company's principal business activity is the sale of securities and annuities.

**Cash and Equivalents**

Cash and equivalents consist of the Company's checking and money market accounts.

**Reserves and Custody of Securities**

The Company did not hold securities for sale, nor does it hold customer securities at June 30, 2011. Because the Company does not handle customers' securities, Rule 15(c)3-3, in regard to computation for determination of reserve requirements and information relating to the possession or control requirements, does not apply.

**Accounts Receivable**

Accounts receivable are reported at contract value, less our estimate for uncollectible amounts based on experience relative to the population of accounts receivable.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent Events**

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (August 24, 2011). There were no subsequent events that required recognition or disclosure.

**2. Net Capital Requirements**

As a registered broker/dealer and member of the National Association of Securities Dealers, Inc., the Company is subject to the Uniform Net Capital Rule, which required the maintenance of minimum net capital and requires that the ratio of aggregated indebtedness to net capital, both as defined, shall not exceed 15 to 1. At June 30, 2011, the Company's net capital and required net capital were \$37,679 and \$5,000, respectively. The ratio of aggregate indebtedness to net capital was .73 to 1.

**3. Common Stock**

Common stock consists of 2,500 authorized, 1,000 issued and outstanding no par value shares.

**4. Filing Requirements**

There were no liabilities subordinated to claims of creditors during the year ended June 30, 2011. Accordingly, a statement of changes in liabilities subordinated to claims of creditors is not included in the financial statements as required by rule 17a-5 of the Securities and Exchange Commission.

**FREEDOM INVESTORS CORP.**

Brookfield, Wisconsin

**Notes to Financial Statements**

June 30, 2011

(Continued)

**5. Related Party Transactions**

The Company paid management fees during the year to its parent company as follows:

Freedom Securities, Inc.   \$ 419,500

**6. Income Taxes**

The Company files a consolidated United States income tax return with its parent company, Freedom Securities Corp., and pays its share of the consolidated tax liability and files a separate return for Wisconsin tax purposes. The tax returns are filed using the cash basis of accounting. Deferred income taxes have been recorded to recognize the tax effect of the timing differences resulting from the use of the accrual basis for financial statement purposes and the cash basis for tax purposes. The provision for income taxes consists of \$2625 due currently and deferred taxes of \$1000.

The Company is no longer subject to United States income tax examinations for years ending before June 30, 2008 and Wisconsin income tax examinations for years ending before June 30, 2007.

**7. Receivable - Customer**

During a prior year, the Company was required to cover a margin call for one of its clients. The Company is in the process of attempting to collect this balance from its client. During 2010-11 the Company received an arbitration award for the principal, interest and costs. During the collection process, the Company has received periodic payments from the independent representative that established the account. These payments have reduced the receivable balance to \$94,120 at June 30, 2011.

**8. Commitments**

The Company is periodically subject to examination of its operations by various regulatory agencies. During the year, FINRA completed an examination of the Company's compliance with certain regulatory and financial requirements. The examination resulted in a number of issues that management is attempting to resolve. It is management's and legal counsel's opinion that none of these issues will have a material effect on the Company's financial statements.

**FREEDOM INVESTORS CORP.**

Brookfield, Wisconsin

**Computation of Net Capital and Aggregate Indebtedness**

For the Year Ended June 30, 2011

**Net Capital Computation:**

Stockholder's equity at year end	\$	131,799
Unallowed receivable		<u>(94,120)</u>
Net capital		<u><u>37,679</u></u>

**Computation of Basic Net Capital Requirement:**

Minimum net capital required (6 2/3% of aggregate indebtedness)		<u>1,842</u>
Minimum dollar net capital requirement		<u>5,000</u>
Net capital requirement		<u><u>5,000</u></u>

**Computation of Aggregate Indebtedness:**

Total liabilities		<u>27,618</u>
Aggregate indebtedness		<u><u>27,618</u></u>

**Percentage of Aggregate Indebtedness to Net Capital**

73%

Reconciliation with Company's Computation (included in Part IIA of Form X-17A-5 as of June 30):

Net capital, as reported in Company's Part IIA (unaudited) FOCUS report and per audit		30,819
Net effect of audit adjustments		<u>6,860</u>

Net capital \$ 37,679

See Independent Auditors' Report

Richard A. Raymaker  
Steven C. Barney  
Steven R. Volz  
Daniel R. Brophy  
Thomas G. Wieland  
Michael W. Van Wagenen



David A. Grotkin  
Joel A. Joyce  
Brian J. Mechenich  
Carrie A. Gindt  
Patrick G. Hoffert

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

To the Board of Directors,  
Freedom Investors Corp.

In planning and performing our audit of the financial statements of Freedom Investors Corp. (the Company), as of and for the year ended June 30, 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, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Freedom Investors Corp. that we considered relevant to the objectives stated in Rule 17a-5(g)(1), in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(11). We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Sec. 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 internal control structure policies and procedures 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 Commission's above-mentioned objectives. Two of the objectives of an internal control structure 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 preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities 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.

Our consideration of the internal control was for the limited purpose described in the preceding paragraphs and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal controls such that there is a reasonable possibility, that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a 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. We consider the following deficiencies to be significant deficiencies:

### **Separation of Duties**

The Company operates its accounting and reporting function with principally one individual, which precludes a proper segregation of duties. This condition is not, however, unusual in entities the size of Freedom Investors Corp. It is important for management to be aware of this condition, and to realize that the concentration of duties and responsibilities in one individual is not desirable from a control point of view. Under these conditions, the most effective controls rest in management's knowledge and monitoring of matters relating to the Company's financial affairs.

### **Preparation of Financial Statements**

We were requested to prepare the financial statements and footnote disclosures for the Company, because the Company currently does not internally possess the expertise to prepare these statements and footnote disclosures in accordance with generally accepted accounting principles. This condition, although very common, represents a significant deficiency in internal controls, as defined under current auditing standards.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purpose 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 were adequate at June 30, 2011, to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934, and should not be used for any other purposes.

*Rivly, Dam + Pento LLP*

August 24, 2011  
Milwaukee, Wisconsin

Richard A. Raymaker  
Steven C. Barney  
Steven R. Volz  
Daniel R. Brophay  
Thomas G. Wieland  
Michael W. Van Wagenen



David A. Grotkin  
Joel A. Joyce  
Brian J. Mechenich  
Carrie A. Gindt  
Patrick G. Hoffert

To the Board of Directors  
Freedom Investors Corporation  
Brookfield, Wisconsin

In accordance with Rule 17a-5(e)(4) under Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [Transitional Assessment Reconciliation (Form SIPC-7T)] to the Securities Investor Protection Corporation (SIPC) for the period ended June 30, 2011, which were agreed to by Freedom Investors Corporation and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC solely to assist you and the other specified parties in evaluating Freedom Investors Corporation's compliance with applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7T). Freedom Investors Corporation's management is responsible for the Freedom Investors Corporation'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 procedure 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-7T with respective cash disbursement records entries noting no differences;
2. Compared the amounts reported on the audited X-17A-5 for the period ended June 30, 2011, with the amounts reported in Form SIPC-7T for the period ended June 30, 2011, noting no differences;
3. Compared any adjustments reported in Form SIPC-7T with supporting schedules and working papers noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in form SIPC-7T and in the related schedules and working papers supporting the adjustments noting no differences;

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Reilly, Penner &amp; Benton LLP". The signature is written in a cursive, flowing style.

August 24, 2011  
Milwaukee, Wisconsin



Reilly, Penner & Benton LLP

1233 N. Mayfair Road Suite #302 • Milwaukee, WI 53226-3255 • 414-271-7800

[www.rpb.biz](http://www.rpb.biz)

**SIPC-7**

(33-REV 7/10)

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

**General Assessment Reconciliation**

**SIPC-7**

(33-REV 7/10)

For the fiscal year ended 6/30, 20 11  
(Read carefully the instructions in your Working Copy before completing this Form)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

Freedom Investors

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

- 2. A. General Assessment (item 2e from page 2) \$ 1219.64
- B. Less payment made with SIPC-6 filed (exclude interest) ( 459.56 )  
2-21-2011  
Date Paid
- C. Less prior overpayment applied ( \_\_\_\_\_ )
- D. Assessment balance due or (overpayment) 760.08
- E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum \_\_\_\_\_
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 760.08
- G. PAID WITH THIS FORM:  
Check enclosed, payable to SIPC  
Total (must be same as F above) \$ 760.08
- H. Overpayment carried forward \$( \_\_\_\_\_ )

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Freedom Investors Corp  
(Name of Corporation, Partnership or other organization)

[Signature]  
(Authorized Signature)

Dated the 15 day of AUGUST, 20 11.

CEO, Finance  
(Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

**SIPC REVIEWER**

Dates:                      Postmarked                      Received                      Reviewed                     

Calculations                      Documentation                      Forward Copy                     

Exceptions:                     

Disposition of exceptions:                     

WORKING COPY

**DETERMINATION OF "SIPC NET OPERATING REVENUES"  
AND GENERAL ASSESSMENT**

Amounts for the fiscal period  
beginning 7/1/2010  
and ending 6/30/2011  
Eliminate cents

Item No. a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030) \$ 1,095,320

b. Additions:

(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above. *June 11 340,331 Dec 2010 257,203*  
*Jan 11 244,486 Sept 2011 237,302*

(2) Net loss from principal transactions in securities in trading accounts.

(3) Net loss from principal transactions in commodities in trading accounts.

(4) Interest and dividend expense deducted in determining item 2a.

(5) Net loss from management of or participation in the underwriting or distribution of securities.

(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.

(7) Net loss from securities in investment accounts.

Total additions 0

c. Deductions:

(1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products. 601,463

(2) Revenues from commodity transactions. 0

(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions. 0

(4) Reimbursements for postage in connection with proxy solicitation. 0

(5) Net gain from securities in investment accounts. 0

(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date. 0

(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act). 0

(8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C): 6,000

(Deductions in excess of \$100,000 require documentation)

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income. \$ \_\_\_\_\_

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960). \$ \_\_\_\_\_

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

Total deductions 607,463

d. SIPC Net Operating Revenues *Securities Income 442,225* \$ 487,857

*Bond 261,711*

e. General Assessment @ .0025 *Muni Bond 1,600* \$ 12,200

*options 12,861* (to page 1, line 2.A.) 1219.64