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

Washington DC  
400

<b>SEC FILE NUMBER</b>
8-30099

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 7/1/11 AND ENDING 6/30/12  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

The Securities Center, Inc.

<b>OFFICIAL USE ONLY</b>
<u>013971</u>
FIRM I.D. NO.

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

245 "E" Street  
(No. and Street)

Chula Vista, California 92910-2942

(City)

(State)

(Zip Code)

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

James E. Biddle, President

(619) 426-3550

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

BOROS & FARRINGTON

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

11770 Bernardo Plaza Court, Suite 210, San Diego, CA 92128

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

<b>FOR OFFICIAL USE ONLY</b>

\* 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).

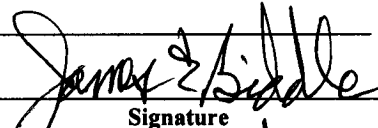
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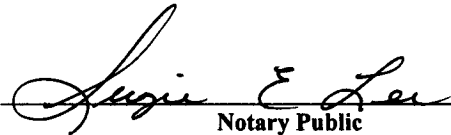
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## OATH OR AFFIRMATION

I, James E. Biddle, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of The Securities Center, Inc., as of June 30, 2012, 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

  
Signature  
PRESIDENT & CEO  
Title

  
Notary Public

CA Jurat is  
Attached

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholder's Equity of Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation of 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).

DO NOT REMOVE

Attached to <sup>thirteen</sup> (13) page document dated June 30, 2012

**CALIFORNIA JURAT WITH AFFIANT STATEMENT**

See Attached Document (Notary to cross out lines 1-6 below)

See Statement Below (Lines 1-5 to be completed only by document signer[s], not Notary)

James E. Biddle  
Signature of Document Signer No. 1

n/a

Signature of Document Signer No. 2 (if any)

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this

16<sup>th</sup> day of August, 2012, by  
Date Month Year

(1) James E. Biddle  
Name of Signer

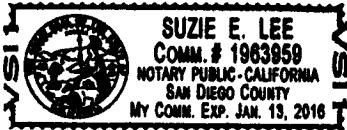
proved to me on the basis of satisfactory evidence to be the person who appeared before me (.) (.)

(and

(2) n/a  
Name of Signer

proved to me on the basis of satisfactory evidence to be the person who appeared before me.)

Signature Suzie E. Lee  
Signature of Notary Public



Place Notary Seal Above

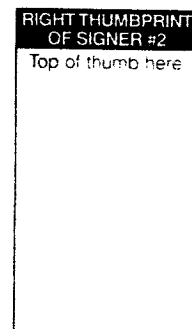
**OPTIONAL**

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

**Further Description of Any Attached Document**

Title or Type of Document: Financial Statement and Independent Auditors Report  
Document Date: June 30, 2012 Number of Pages: 13

Signer(s) Other Than Named Above: n/a



**THE SECURITIES CENTER, INC.**

**Financial Statements  
And  
Independent Auditor's Report  
June 30, 2012**

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**Boros & Farrington**  
CERTIFIED PUBLIC ACCOUNTANTS

**THE SECURITIES CENTER, INC.**

**Financial Statements  
And  
Independent Auditor's Report  
June 30, 2012**

# THE SECURITIES CENTER, INC.

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**Independent Auditor's Report**

Board of Directors  
The Securities Center, Inc.

We have audited the accompanying statement of financial condition of The Securities Center, Inc. as of June 30, 2012, and the related statements of operations, 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 The Securities Center, Inc. at June 30, 2012 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 as a whole. The information contained in the supplemental schedule of computation of net capital pursuant to Rule 15c3-1 is required by Rule 17a-5 under the Securities Exchange Act of 1934 and is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Boros & Farrington APC*

Boros & Farrington APC  
San Diego, California  
August 10, 2012

# THE SECURITIES CENTER, INC.

## Statement of Financial Condition

June 30, 2012

### ASSETS

Cash and cash equivalents	\$ 44,160
Marketable securities	74,386
Commissions receivable	<u>83,098</u>
	<u>\$201,644</u>

### LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities	
Accounts payable and accrued liabilities	<u>\$ 71,797</u>
Stockholder's equity	
Common stock, 100,000 shares authorized	110,972
Paid-in capital	15,960
Retained earnings	<u>2,915</u>
Total stockholder's equity	<u>129,847</u>
	<u>\$201,644</u>

*See notes to financial statements.*



# THE SECURITIES CENTER, INC.

## Statement of Operations Year Ended June 30, 2012

Revenues	
Commissions and fees	\$1,150,920
Investment income	
Interest and dividends	5,359
Rental and other income	<u>4,801</u>
Total revenues	<u>1,161,080</u>
Expenses	
Commissions	795,652
Compensation and benefits	179,572
Clearing charges	80,971
Rent and utilities	31,829
Dues and subscriptions	16,993
Travel and entertainment	16,743
Outside services	12,087
Advertising and promotion	9,661
Office	8,798
Regulatory fees	7,072
Telephone and postage	4,613
Investment loss	2,731
Interest	499
Other	<u>1,605</u>
Total expenses	<u>1,168,826</u>
Net loss	<u>\$ (7,746)</u>

*See notes to financial statements.*

# THE SECURITIES CENTER, INC.

## Statement of Changes in Stockholder's Equity

Year Ended June 30, 2012

	<i>Common Stock</i>		<i>Paid-in</i>	<i>Retained</i>
	<i>Shares</i>	<i>Amount</i>	<i>Capital</i>	<i>Earnings</i>
Balance, beginning of year	30,000	\$110,972	\$15,960	\$ 10,661
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,746)</u>
Balance, end of year	<u>30,000</u>	<u>\$110,972</u>	<u>\$15,960</u>	<u>\$ 2,915</u>

*See notes to financial statements.*

# THE SECURITIES CENTER, INC.

## Statement of Cash Flows Year Ended June 30, 2012

Cash flows from operating activities	
Net loss	\$ (7,746)
Adjustments to reconcile net loss to net cash from operating activities	
Investment loss	2,731
Changes in operating assets and liabilities	
Commissions receivable	3,946
Accounts payable and accrued liabilities	<u>(3,996)</u>
Net cash from operating activities	<u>(5,065)</u>
Cash flows from investing activities	
Marketable securities	<u>(11,244)</u>
Net decrease in cash and cash equivalents	(16,309)
Cash and cash equivalents	
Beginning of year	<u>60,469</u>
End of year	<u>\$ 44,160</u>
Supplemental disclosure of cash flow information	
Interest paid	<u>\$ 499</u>
Taxes paid	<u>\$ 520</u>

*See notes to financial statements.*

# THE SECURITIES CENTER, INC.

## Notes to Financial Statements

### 1. THE COMPANY AND ITS SIGNIFICANT ACCOUNTING POLICIES

**The Company.** The Securities Center, Inc. (the "Company") is a registered broker-dealer licensed by the Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. The Company provides broker-dealer services as an introducing broker-dealer clearing customer transactions through another broker-dealer on a fully disclosed basis.

**Accounting Estimates.** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and disclosures 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 may differ from those estimates.

**Revenue Recognition.** Commission revenue is recognized on a trade date basis. Fee income is recognized as earned.

**Advertising Costs.** Advertising and promotion costs are expensed as incurred.

**Marketable Securities.** Securities owned are stated at market value, based on quoted market prices.

**Income Taxes.** Income taxes are accounted for using the liability method whereby deferred tax asset and liability account balances are calculated at the balance sheet date using the current tax laws and rates in effect. No federal income taxes were recognized in fiscal 2012 due to utilization of capital loss carryforwards.

**Concentration of Credit Risk.** The company maintains cash balances with various financial institutions. Management performs periodic evaluations of the relative credit standing of these institutions. The Company has not sustained any material credit losses from these instruments.

Receivables are due primarily from financial institutions such as investment companies, insurance companies, and clearing broker/dealers. These entities are geographically dispersed across the United States. The Company maintains individually significant receivable balances with major financial institutions. If the financial condition and operations of these institutions deteriorate substantially, the Company's operating results could be adversely affected. No allowance for doubtful accounts was considered necessary at June 30, 2012.

**Financial Instruments.** The carrying values reflected in the statement of financial condition at June 30, 2012 reasonably approximate the fair values financial instruments. In making such assessment, the Company has utilized discounted cash flow analyses, estimates, and quoted market prices as appropriate. No allowance for potential credit losses was considered necessary at June 30, 2012.

### 2. NET CAPITAL REQUIREMENTS

Under Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital (as defined) and a ratio of aggregate indebtedness to net capital (as defined) not exceeding 15 to 1.

The Company's ratio at June 30, 2012 was 0.6253 to 1. The basic concept of the Rule is liquidity, its object being to require a broker-dealer in securities to have at all times sufficient liquid assets to cover its current indebtedness. At June 30, 2012, the Company had net capital of \$114,822 which was \$109,822 in excess of the amount required by the SEC.

# THE SECURITIES CENTER, INC.

## Notes to Financial Statements

### 3. COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS AND INFORMATION RELATING TO THE POSSESSION AND CONTROL REQUIREMENTS UNDER SEC RULE 15c3-3

The Company relies on Section K (2) (ii) of the SEC Rule 15c3-3 to exempt them from the provisions of these rules.

### 4. COMMITMENTS AND CONTINGENCIES

**Lease Commitment.** The Company leases its facilities on a short term basis. Rent expense was \$18,000 for the year ended June 30, 2012.

**Off Balance Sheet Risk.** As discussed in Note 1, the Company does not hold customer segregated cash or securities balances. Transactions are processed by a clearing firm on a fully disclosed basis. In conjunction with this arrangement, the Company is contingently liable for any unsecured debit balances in the customer accounts introduced by the Company. These customer activities may expose the Company to off-balance-sheet credit risk in the event the introduced customer is unable to fulfill its contracted obligations. The Company seeks to control such credit risk by monitoring its exposure to the risk of loss daily, on an account-by-account basis. At June 30, 2012, the Company was not responsible for any unsecured debits and did not have any open positions in its trading accounts.

\*\*\*\*\*

# THE SECURITIES CENTER, INC.

## Supplemental Schedule Computation of Net Capital Pursuant to SEC Rule 15c3-1

June 30, 2012

Total stockholder's equity	\$129,847
Less non-allowable assets	<u>          -</u>
Net capital before charges on security positions	129,847
Less charges on security positions	
Securities owned	12,464
Undue concentration	<u>    2,561</u>
Net capital	<u>\$114,822</u>
Total aggregate indebtedness	<u>\$ 71,797</u>
Ratio of aggregate indebtedness to net capital	<u>0.6253</u>
Minimum net capital required	<u>\$ 5,000</u>

*Note: There are no differences between the net capital reported above and the net capital reported on Form FOCUS X-17A-5 Part IIA as of June 30, 2012.*

**Independent Auditor's Report On Internal Control**  
**Required by SEC Rule 17a-5(g)(1)**

The Securities Center, Inc.:

In planning and performing our audit of the financial statements and supplementary schedules of The Securities Center, Inc. (the "Company") as of for the year ended June 30, 2012, 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 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 or the practices and procedures referred to above, errors 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.

Our consideration of internal control was for the limited purpose described in the first paragraph 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 a material weaknesses, as defined previously.

We understand that the 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 June 30, 2012, 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 Financial Industry Regulatory Authority, 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.

*Boros & Farrington APC*

Boros & Farrington APC  
San Diego, California  
August 10, 2012