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

SEC  
Mail Processing  
Section

AUG 28 2012

SEC FILE NUMBER
8-44870

FACING PAGE

Washington DC  
#025 Theunder

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 07/01/11 AND ENDING 06/30/2012  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: 1st Global Capital Corp.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

8150 N. Central Expressway, Suite 500

(No. and Street)

Dallas Texas 75206  
(City) (State) (Zip Code)

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

E. Paul Stewart 214 265-6742  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Grant Thornton, LLP

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

1717 Main Street, Suite 1500 Dallas Texas 75201-9436  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

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

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

Clay  
11/27

OATH OR AFFIRMATION

I, E. Paul Stewart, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of 1st Global Capital Corp. 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:

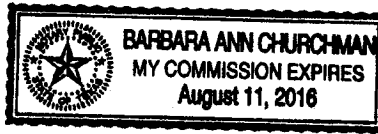
[Handwritten Signature]

Signature

Vice President & Chief Financial Officer

Title

[Handwritten Signature]
Notary Public



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

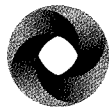
- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(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).

Financial Statements and Report of Independent Registered Public Accounting Firm

**1st Global Capital Corp.**

June 30, 2012 and 2011



# Grant Thornton

## Report of Independent Registered Public Accounting Firm

**Audit • Tax • Advisory**

**Grant Thornton LLP**

1717 Main Street, Suite 1500  
Dallas, TX 75201-4667

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The Board of Directors  
1st Global Capital Corp.

We have audited the accompanying statements of financial condition of 1st Global Capital Corp. (a Delaware corporation) (the "Company") as of June 30, 2012 and 2011. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 1st Global Capital Corp. as of June 30, 2012 and 2011 in conformity with accounting principles generally accepted in the United States of America.

*Grant Thornton LLP*

Dallas, Texas  
August 24, 2012

1st Global Capital Corp.

STATEMENTS OF FINANCIAL CONDITION

June 30,

ASSETS	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$4,973,941	\$4,103,368
Cash segregated under federal and other regulations	389,060	59,943
Receivable from brokers and dealers	1,394,938	1,532,670
Other assets, net	<u>201,276</u>	<u>189,555</u>
	<u>\$6,959,215</u>	<u>\$5,885,536</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 79,194	\$ 98,708
Payable to brokers and dealers	379,236	17,260
Commissions payable	1,047,329	828,145
Deferred revenue	67,200	70,667
State income taxes payable	68,349	71,370
Net payable to affiliate	651,747	872,258
Other liabilities	<u>131,056</u>	<u>73,429</u>
Total liabilities	2,424,111	2,031,837
Stockholders' equity:		
Common stock - no par value, 10,000 shares authorized, 10 shares issued and outstanding	-	-
Additional paid-in capital	24,000	24,000
Retained earnings	<u>4,511,104</u>	<u>3,829,699</u>
Total stockholders' equity	<u>4,535,104</u>	<u>3,853,699</u>
	<u>\$6,959,215</u>	<u>\$5,885,536</u>

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

**1st Global Capital Corp.**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2012 and 2011

**NOTE A - ORGANIZATION AND NATURE OF BUSINESS**

The Company is a wholly owned subsidiary of 1st Global, Inc. (the "Parent").

1st Global Capital Corp. (the "Company") is a broker-dealer in securities registered with the Securities and Exchange Commission (SEC) under Rule 15c3-3(k)(2)(ii) which provides that all the funds and securities belonging to the Company's customers be handled by a clearing broker-dealer. The Company is incorporated in the state of Delaware. The Company's customers are located throughout the United States.

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

Cash and cash equivalents

Cash and cash equivalents consists of unrestricted cash held by depository institutions and the clearing broker that are readily convertible into cash and purchased with original maturities of three months or less.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due. The provision for federal income taxes differs from the expected amount using statutory rates because certain expenses included in the determination of net income are non-deductible for tax reporting purposes.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") 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.

**1st Global Capital Corp.**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2012 and 2011

**NOTE C - NET CAPITAL REQUIREMENTS**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. At June 30, 2012, the Company had net capital of approximately \$4,181,419, net capital requirements of \$164,806, and the Company's ratio of aggregate indebtedness to net capital was .59 to 1. At June 30, 2011, the Company had net capital of approximately \$3,535,718, net capital requirements of \$129,551, and the Company's ratio of aggregate indebtedness to net capital was .55 to 1. The SEC permits a ratio of aggregate indebtedness to net capital no greater than 15 to 1.

**NOTE D - CASH AND CASH SEGREGATED UNDER FEDERAL AND OTHER REGULATIONS**

Cash is comprised solely of cash on deposit in accounts with depository institutions.

At June 30, 2012 and 2011, cash of \$389,060 and \$59,943, respectively, was segregated in a special bank account for the exclusive benefit of customers under rule 15c3-3 of the SEC. At June 30, 2012 and 2011, \$379,236 and \$17,260, respectively, was owed to various mutual funds for the purchase of securities by customers and is included in payable to brokers and dealers.

**NOTE E - INCOME TAXES**

The Company files a consolidated income tax return with the Parent. Income taxes are recorded using the separate company method to comply with Accounting Standards Codification ("ASC") 450, *Contingencies*. Any resulting provision or benefit for income taxes is recorded as a payable or receivable on the Statements of Financial Condition. Tax years 2008 through 2011 are still subject to federal and state examination.

At June 30, 2012 and 2011, \$68,848 and \$140,080 of federal income taxes payable, respectively, was included in Net payable to affiliate on the Statements of Financial Condition. These amounts represent the balance of federal income tax expense remitted or unremitted to the Parent as of the end of the fiscal year. This amount is paid by or remitted to the Parent via the Company's usual processes during the subsequent fiscal year.

**1st Global Capital Corp.**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2012 and 2011

**NOTE E - INCOME TAXES - Continued**

As required by the uncertain tax position guidance in ASC 740, the Company recognized the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant tax authority. At the adoption date, the Company applied the uncertain tax position guidance in ASC 740 to all tax positions for which the statute of limitations remained open. For certain taxing jurisdictions, this period may extend from the Company's inception. In accordance with the accounting under ASC 740, the Company has recorded an unrecognized tax liability related to certain tax positions. The liability is recorded in other liabilities on the Statements of Financial Condition in the amounts of \$131,056 and \$73,429, in 2012 and 2011 respectively.

**NOTE F - RELATED PARTY TRANSACTIONS**

The Company is a member of a group of affiliated companies under common control and has extensive transactions and relationships with members of the group. The existence of that control could create operating results and financial position significantly different than if the companies were autonomous. Essentially all operating costs and overhead expenses of the group are incurred by an affiliate. The Company paid the affiliate \$16,247,373 during the year ended June 30, 2012. The Company paid the affiliate \$15,015,019 during the year ended June 30, 2011. These shared operating costs and overhead costs are allocated based on estimated usage by each operating affiliate, typically using relative share of total revenue as a proxy.

**NOTE G - OTHER ASSETS**

At June 30, 2012, other assets are primarily composed of accounts receivable of \$205,096 less an allowance of \$7,730. At June 30, 2011, other assets are primarily composed of accounts receivable of \$156,143, less an allowance of \$7,754. The accounts receivable is related to commissions receivable from the Company's network of advisors. Management provides for uncollectible amounts based on its assessment of the current status of individual accounts, typically reserving accounts past due greater than 90 days.

The remaining balance in other assets is comprised of prepaid expenses and other miscellaneous assets.

**NOTE H - RECEIVABLES FROM BROKERS AND DEALERS**

Receivables from brokers and dealers is primarily comprised of concession revenue receivable from the Company's clearing broker and other financial companies, including mutual fund companies, net of any unsettled trades. Additionally, included in this amount is \$100,000 in clearing deposits with the Company's clearing broker.



**1st Global Capital Corp.**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2012 and 2011

**NOTE I - CONCENTRATION RISK**

At June 30, 2012 and 2011, and at various other times during the year, the Company had cash balances in excess of federally insured limits of \$250,000. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk. The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, mutual fund companies and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. It is the Company's policy to review, as necessary, the credit standing of its counterparties. A counterparty of particular significance is National Financial Services, LLC, who serves as the Company's clearing broker. The Company does not believe it is exposed to any significant counterparty credit risk.

**NOTE J - COMMITMENTS AND CONTINGENCIES**

Included in the Company's clearing agreement with its clearing broker-dealer, is an indemnification clause. This clause relates to instances where the Company's customers fail to settle security transactions. In the event this occurs, the Company will indemnify the clearing broker-dealer to the extent of the net loss on the unsettled trade. At June 30, 2012 and 2011, management of the Company had not been notified by the clearing broker-dealer, nor were they otherwise aware, of any potential losses relating to this indemnification.

**NOTE K - SUBSEQUENT EVENTS**

The Company evaluated the financial statements for subsequent events through August 24, 2012, the date the financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.