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OMB APPROVAL  
OMB Number: 3235-0123  
Expires: April 30, 2013  
Estimated average burden  
hours per response.....12.00

BP  
3/7/12

MAR - 1 2013

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

SEC File Number  
8-68889

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 01/01/12 and ending 12/31/12

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:  
Prairie Capital Markets, LLC

Official Use Only

Firm ID No.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do not use P.O. Box No.):  
One Mid America Plaza, Suite 1000

(No. and Street)

Oakbrook Terrace

(City)

IL

(State)

60181

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS  
REPORT: Robert Gross (630) 443-9933

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
DeMarco Sciacotta Wilkens & Dunleavy LLP

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

1211 West 22<sup>nd</sup> Street, Suite 110

(No. and Street)

Oak Brook

(City)

Illinois

(State)

60523

(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 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)

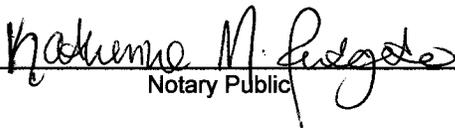
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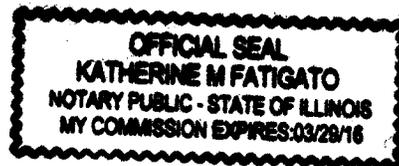
**OATH OR AFFIRMATION**

I, **Robert Gross**, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statement and supporting schedules pertaining to the firm of Prairie Capital Markets, LLC, as of December 31, 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  
**Chief Compliance Officer**  
Title

  
\_\_\_\_\_  
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 Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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 15c-3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c-3-3.
- (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 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).

PRAIRIE CAPITAL MARKETS, LLC  
STATEMENT OF FINANCIAL CONDITION  
AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2012



## INDEPENDENT AUDITORS' REPORT

Managing Member  
Prairie Capital Markets, LLC

### **Report on the Financial Statement**

We have audited the accompanying statement of financial condition of Prairie Capital Markets, LLC (the Company) as of December 31, 2012 that is filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statement.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on this financial statement 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Prairie Capital Markets, LLC as of December 31, 2012 in accordance with accounting principles generally accepted in the United States of America.

*DeMarco Sciacotta Wilkens & Dunleavy LLP*

Oak Brook, Illinois  
February 19, 2013

PRAIRIE CAPITAL MARKETS, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2012

**ASSETS**

|                           |                          |
|---------------------------|--------------------------|
| Cash and cash equivalents | \$ 622,991               |
| Other assets              | <u>2,141</u>             |
| <b>TOTAL ASSETS</b>       | <b><u>\$ 625,132</u></b> |

**LIABILITIES AND MEMBER'S CAPITAL**

|   |                              |
|---|------------------------------|
| Liabilities                                       |                              |
| Accounts payable                                  | \$ 8,565                     |
| Due to related party                              | <u>4,973</u>                 |
| <b>TOTAL LIABILITIES</b>                          | <b><u>\$ 13,538</u></b>      |
| <br>Member's Capital                              | <br><u>\$ 611,594</u>        |
| <br><b>TOTAL LIABILITIES AND MEMBER'S CAPITAL</b> | <br><b><u>\$ 625,132</u></b> |

The accompanying notes are an integral part of this financial statement.

PRAIRIE CAPITAL MARKETS. LLC

NOTES TO STATEMENT OF FINANCIAL CONDITION

YEAR ENDED DECEMBER 31, 2012

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization - Prairie Capital Markets, LLC (the "Company"), a limited liability company, was organized in the state of Illinois on July 1, 2010. The Company is a wholly-owned subsidiary of Prairie Capital Holdings, Inc. ("Holdings"). The Company is registered with the Securities and Exchange Commission and, as of July 2012, is a member of the Financial Industry Regulatory Authority (FINRA). The Company's principal business activity is consulting services.

Consulting Services Income - The Company earns a retainer from its clients upon being engaged with a success fee earned upon the closing of the related transaction. This success fee is based on the pre-negotiated percentage of the total transaction purchase/sell price.

Cash Equivalents - For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months that are not held for sale in the ordinary course of business.

In addition, the Company's cash is on deposit at one financial institution and the balances at times may exceed the federally insured limits. Due to the strong credit rating of this financial institution, the Company believes it is not exposed to any significant credit risk to cash.

Estimates - 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.

Subsequent Events - The Company evaluated all significant events or transactions that occurred through the audit report date, the date these financial statements were available to be issued.

PRAIRIE CAPITAL MARKETS, LLC

NOTES TO STATEMENT OF FINANCIAL CONDITION

YEAR ENDED DECEMBER 31, 2012

NOTE 2 - RELATED PARTY TRANSACTIONS

As previously noted, the Company is wholly owned by Prairie Capital Holdings, Inc. ("Parent"). The Company is also affiliated with Prairie Capital Advisors, Inc. ("Advisors") through common ownership.

The Company is a co-guarantor on Parent's \$400,000 line of credit due November 2013. The Company does not expect to incur any loss as a result of this guarantee.

The companies share office space, employees and other overhead expenses. In accordance with a written agreement, the Company has agreed to reimburse the Parent an amount equal to 5% of the costs that the Parent has incurred for these shared expenses. The expenses incurred to the Parent during the year ended December 31, 2012 pursuant to the agreement are as follows:

| <u>Expense</u> | <u>Amount</u>           |
|----------------|-------------------------|
| Occupancy      | \$ 3,946                |
| Other expenses | <u>25,255</u>           |
| <b>Total</b>   | <b><u>\$ 29,201</u></b> |

At any time, Parent has the authority to forgive payment and treat that amount as a non-cash contribution to the Company. During 2012, \$4,510 of fees were converted to capital. This amount has been treated as non-cash on the statement of cash flows.

At December 31, 2012, \$4,973 was due to the Parent, as stated on the statement of financial condition.

PRAIRIE CAPITAL MARKETS, LLC

NOTES TO STATEMENT OF FINANCIAL CONDITION

YEAR ENDED DECEMBER 31, 2012

NOTE 3 - NET CAPITAL REQUIREMENTS

As a registered broker/dealer and member of the Financial Industry Regulatory Authority, the Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (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 800% in its initial year of operations. Net capital and aggregate indebtedness change from day to day, but at December 31, 2012, the Company had net capital and a net capital requirement of \$609,453 and \$5,000 respectively. The ratio of aggregate indebtedness to net capital was 2%.

NOTE 4 - INCOME TAXES

As a single member limited liability company, the Company is not recognized for federal and state income tax purposes as a taxable entity. Therefore, income taxes are the responsibility of the individual shareholders of the Parent.

The Company accounts for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as interest/other expense. The Company is no longer subject to examination by tax authorities for federal, state or local income taxes for periods before 2011.