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

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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 01/01/2012 AND ENDING 12/31/2012
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Kingsbury Capital LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1560 Sherman Ave, Suite 803

(No. and Street)

Evanston

IL

60201

(City)

(State)

(Zip Code)

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

William D. Vellon

312-380-5302

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Michael Coglianese CPA, P.C.

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

125 E. Lake Street Suite 303

Bloomington

IL

60108

(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)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, William D. Vellon, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kingsbury Capital, 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

Subscribed and sworn to before me

this 21 day of FEB 21 2013 at Evanston, County of Cook, State of Illinois.

[Handwritten Signature]

Signature

Managing Director

Title

Notary Public

[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).

Kingsbury Capital, LLC
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
December 31, 2012

Kingsbury Capital, LLC
One Rotary Center, 1560 Sherman Ave, Suite 803
Evanston, IL 60201

Subject: 2012 Annual Report

Please find attached your copy of the 2012 Annual Report of Kingsbury Capital, LLC.

This report has been prepared by an independent certified public accountant and contains a summary of Kingsbury Capital, LLC's financial activity for the year ended December 31, 2012.

To the best of my knowledge and belief, the information contained in this document is accurate and complete.

Sincerely,



William D. Vellon
Managing Member
Kingsbury Capital, LLC

Date signed

02/19/2013

Kingsbury Capital, LLC

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INDEPENDENT AUDITORS' REPORT

To the Members of Kingsbury Capital, LLC

We have audited the accompanying financial statements of Kingsbury Capital, LLC (the "Company"), which comprise the statement of financial condition as of December 31, 2012, and the related statements of operation, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements that you are filing pursuant to Rule 17a-5 under the Securities and Exchange Act of 1934.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 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 from misstatement.

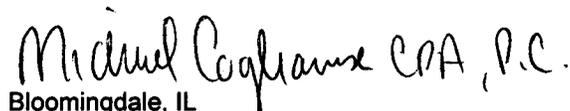
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 accompanying statement of financial condition and statements of operations, members' equity and cash flows present fairly, in all material respects, the financial position of Kingsbury Capital, LLC as of December 31, 2012, and the results of its operations and its cash flows for the year ended December 31, 2012, 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 taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplemental information required by Rule 17-1-5 of the Securities and Exchange Act of 1934. 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 basic financial statements taken as a whole.


Bloomingdale, IL
February 13, 2013

Kingsbury Capital, LLC

STATEMENT OF FINANCIAL CONDITION

December 31, 2012

Assets

Cash and cash equivalents	\$	31,866
Marketable securities		2,800
Property and equipment, net		3,383
Other assets		<u>12,584</u>
Total assets	\$	<u>50,633</u>

Liabilities and members' equity

Liabilities		
Accrued liabilities	\$	<u>3,200</u>
Total liabilities		<u>3,200</u>
Members' equity		
Members' equity		49,280
Accumulated other comprehensive gain (loss)		<u>(1,847)</u>
Total members' equity		<u>47,433</u>
Total liabilities and members' equity	\$	<u>50,633</u>

Kingsbury Capital, LLC

STATEMENT OF OPERATIONS

For the year ended December 31, 2012

Revenue

Commissions and fees	\$ 363,302
Net realized gain (loss) from marketable securities	(150)
Other income	252
Total revenue	<u>363,404</u>

Expenses

Commission expense	253,479
Professional and consulting fees	8,642
Regulatory fees and expenses	7,590
Rent	14,202
Other operating expenses	68,443
Total expenses	<u>352,356</u>

Net Income (loss)

\$ 11,048

Kingsbury Capital, LLC

STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the year ended December 31, 2012

	Members' Equity	Accumulated Other Comprehensive (Loss)	Total
Members' equity, beginning of year	\$ 49,382	\$ (1,222)	\$ 48,160
Member contributions	-	-	-
Member withdrawals	(11,150)	-	(11,150)
Comprehensive income			
Net income (loss)	11,048		11,048
Net unrealized gain (loss) from marketable securities	-	(625)	(625)
Members' equity, end of year	<u>\$ 49,280</u>	<u>\$ (1,847)</u>	<u>\$ 47,433</u>

Kingsbury Capital, LLC

STATEMENT OF CASH FLOWS

For the year ended December 31, 2012

Cash flows from operating activities	
Net Income (loss)	\$ 11,048
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	867
Net amortization of deferred rent	(1,522)
Net realized loss from marketable securities	150
Changes in assets and liabilities:	
Other assets	(5,416)
Accrued liabilities	200
Net cash provided (used) by operating activities	<u>5,327</u>
Cash flows from investing activities	
Proceeds from sale of marketable securities	4,526
Purchases of property and equipment	<u>(3,207)</u>
Net cash provided (used) by investing activities	<u>1,319</u>
Cash flows from financing activities	
Member withdrawals	<u>(11,150)</u>
Net cash provided (used) by financing activities	<u>(11,150)</u>
Net change in cash and cash equivalents	(4,504)
Cash and cash equivalents, beginning of year	<u>36,370</u>
Cash and cash equivalents, end of year	<u>\$ 31,866</u>

Kingsbury Capital, LLC

NOTES TO FINANCIAL STATEMENTS

1. Nature of operations and summary of significant accounting policies

Nature of Operations

Kingsbury Capital, LLC (the "Company") was formed as a limited liability company under the laws of the State of Illinois in July 2007. The Company is a broker-dealer, registered with Financial Industry Regulatory Authority ("FINRA"), and licensed by the Securities and Exchange Commission ("SEC"). The Company conducts business primarily with retail customers and transacts business solely in private placements. The Company holds no customer securities or funds for investment, nor does it owe funds or securities to its customers.

Government and Other Regulation

The Company's business is subject to significant regulation by governmental agencies and self-regulatory organizations. Such regulation includes, among other things, periodic examinations by these regulatory bodies to determine whether the Company is conducting and reporting its operations in accordance with the applicable requirements of these organizations.

Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as detailed in the Financial Accounting Standards Board's Accounting Standards Codification ("ASC").

Cash Equivalents

The Company considers its investment in a short-term money market fund to be a cash equivalent.

Marketable Securities

The Company classifies its investments in marketable securities as available-for-sale. As of December 31, 2012, the Company held \$2,800 in securities that are classified as marketable securities on the Statement of Financial Condition. Securities classified as available-for-sale are carried in the financial statements at fair value. Realized gains and losses are included in the Statement of Operations and unrealized gains and losses are reported on the Statement of Changes in Members' Equity as a component of accumulated other comprehensive income (loss).

Fair Value- Definition and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches. ASC 820, "Fair Value Measurements and Disclosures", establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Kingsbury Capital, LLC

NOTES TO FINANCIAL STATEMENTS

1. Nature of operations and summary of significant accounting policies (continued)

Fair Value- Definition and Hierarchy (continued)

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors including, the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls, is determined based on the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

As of December 31, 2012, all of the Company's investments were Level 1 within the fair value hierarchy. During the year ended December 31, 2012 there were no transfers into or out of Level 1.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives. Leasehold improvements are depreciated over the term of the lease.

Investment Transactions and Related Investment Income

Investment transactions are accounted for on a trade-date basis and interest is recognized on the accrual basis.

Kingsbury Capital, LLC

NOTES TO FINANCIAL STATEMENTS

1. Nature of operations and summary of significant accounting policies (continued)

Revenue Recognition

The Company's primary source of revenue is fees derived from introducing investors to subscribe to various private placements of securities, which are carried in the investor's name/title. Placement fee revenues are recognized upon receipt of the fees or when the investor's fully-funded subscription is accepted by the issuer.

Income Taxes

The Company does not record a provision for income taxes because the partners report their share of the Company's income or loss on their income tax returns. The financial statements reflect the Company's transactions without adjustment, if any, required for income tax purposes.

The Company is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit recognized is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authority. De-recognition of a tax benefit previously recognized results in the Company recording a tax liability that reduces ending partners' capital. Based on its analysis, the Company has determined that it has not incurred any liability for unrecognized tax benefits as of December 31, 2012. However, the Company's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof.

The Company files an income tax return in the U.S. federal jurisdiction, and may file income tax returns in various U.S. states and foreign jurisdictions. Generally, the Company is no longer subject to income tax examinations by major taxing authorities for years before 2009.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect the amounts disclosed in the financial statements. Actual results could differ from those estimates.

2. Net capital requirement

The Company is subject to the Securities and Exchange Commission's uniform net capital rule (Rule 15c3-1) which requires the Company to maintain a minimum net capital equal to or greater than \$5,000 or 6 and 2/3% of aggregate indebtedness, and a ratio of aggregate indebtedness to net capital not exceeding 15 to 1, both as defined. At December 31, 2012, the Company's adjusted net capital was approximately \$30,000 which exceeded the requirement by approximately \$25,000.

3. Related party transactions

The Company has an Expense Sharing Agreement with Kingsbury Capital Investment Advisors, LLC, a company under common ownership. In accordance with the Expense Sharing Agreement, 50% of the costs subject to the Expense Sharing Agreement were included as expenses in the Statement of Operations.

Kingsbury Capital, LLC

NOTES TO FINANCIAL STATEMENTS

4. Lease commitments

The Company has an operating lease for office space that expires in April 2019. The Company entered into the lease agreement with a related party, who will be responsible for half of the rent payments. The future minimum annual commitments under the lease, should the related party terminate, and minimum annual commitments due under the lease with the related party continuing its payments are as follows:

<u>Year</u>	<u>Maximum Potential Liability</u>	<u>Reduced Liability</u>
2013	\$42,237	\$21,119
2014	42,939	21,470
2015	43,641	21,821
2016	44,343	22,172
Thereafter	<u>106,119</u>	<u>53,060</u>
Total	<u>\$279,279</u>	<u>\$139,642</u>

5. Subsequent events

These financial statements were approved by management and available for issuance on February 13, 2013. Subsequent events have been evaluated through this date.

From January 1, 2012 through February 13, 2013, the Company exercised warrants received in 2012.

Kingsbury Capital, LLC

SUPPLEMENTAL INFORMATION

December 31, 2012

**Schedule I
Computation of Net Capital under Rule 15c3-1
of the Securities and Exchange Commission**

Net capital:	
Total Members' Equity qualified for net capital	\$ 47,433
Less: Non allowable assets	<u>(15,967)</u>
Net capital	31,466
Haircut on securities	<u>(1,120)</u>
Adjusted net capital	30,346
Net minimum capital requirement of 6.67% of aggregate indebtedness of \$3200 or \$5,000 whichever is greater	<u>5,000</u>
Excess net capital	<u>\$ 25,346</u>

**Reconciliation with Company's Net Capital Computation
(included in Part II of Form X-17A-5)**

Net capital as reported in Company's Part II of Form X-17A-5 as of December 31, 2012	\$ 30,345
Rounding	<u>1</u>
Net capital per above computation	<u>\$ 30,346</u>

Kingsbury Capital, LLC

SUPPLEMENTAL INFORMATION

December 31, 2012

**Schedule II
Computation of Determination of Reserve Requirements
Pursuant to Rule 15c3-3**

Not applicable

**Information for Possession or Control
Requirements under Rule 15c3-3**

Not applicable

**Reconciliation between Audited and Unaudited
Statement of Financial Condition**

	<u>Debit</u>	<u>Credit</u>
Other assets-non allowable, (Box 735)	\$ 1,800	
Property-non allowable, (Box 680)		\$ 1,800
Reclass security deposit		



**Independent Auditor's Report on Applying Agreed-Upon
Procedures Related to an Entity's SIPC Assessment Reconciliation**

Members

Kingsbury Capital, LLC
New York, NY

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments Form SIPC-7T to the Securities Investor Protection Corporation (SIPC) for the period of January 1, 2012 to December 31, 2012, which were agreed to by Kingsbury Capital, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC solely to assist you and the other specified parties in evaluating Kingsbury Capital, LLC's compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7T). Kingsbury Capital, LLC's management is responsible for Kingsbury Capital, LLC'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 procedures 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 in the general ledger noting no differences;
2. Compared the Total Revenue amounts of the audited Form X-17A-5 for the year ended December 31, 2012 with the amounts reported in Form SIPC-7T for the period from January 1, 2012 to December 31, 2012 noting no differences;
3. There were no adjustments reported in Form SIPC-7T thus no differences noted;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules and working papers noting no differences; and
5. There was no application of overpayment, thus no difference between the current assessment and original computation.

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.

Michael Coglianese CPA, P.C.
Bloomingdale, IL
February 13, 2013

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

For the fiscal year ended 12/31/2012

(Read carefully the instructions in your Working Copy before completing this Form)

SIPC-7

(33-REV 7/10)

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:

067878 FINRA DEC
KINGSBURY CAPITAL LLC 17*17
ONE ROTARY CENTER
1500 SHERMAN AVE STE 803
EVANSTON IL 60201-4808

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) \$ 908

B. Less payment made with SIPC-6 filed (exclude interest) (399)

Date Paid

C. Less prior overpayment applied ()

D. Assessment balance due or (overpayment) 509

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) \$ 509

G. PAID WITH THIS FORM:
Check enclosed, payable to SIPC
Total (must be same as F above) \$ 509

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.

Dated the 15th day of FEB, 20 13.

KINGSBURY CAPITAL LLC
(Name of Corporation, Partnership or other organization)
[Signature]
(Authorized Signature)
WILLIAM D. VELLON, CCO
(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:

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

Amounts for the fiscal period
beginning 1/1/2012
and ending 12/31/2012

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

Eliminate cents
\$ 363554

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (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

2c. 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.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (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.
- (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).
- (8) Other revenue not related either directly or indirectly to the securities business.

(See Instruction C)

(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

2d. SIPC Net Operating Revenues

\$ 363554

2e. General Assessment @ .0025

\$ 908

(to page 1, line 2.A.)



Independent Auditors' Report on Internal Accounting Control Required by SEC Rule 17a-5

Members
Kingsbury Capital, LLC

In planning and performing our audit of the financial statements and supplemental schedules of Kingsbury Capital, LLC (the "Company") for the year ended December 31, 2012, we considered its internal control including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. Also, as required by rule 17a-5(g) (l) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objective stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(1) 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;
2. Recordation of differences required by rule 17a-13; and
3. Complying with the requirements for prompt payments for securities under Section 8 of 1 Reserve 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 accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Our consideration of internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted the following matter involving the Company's internal control and its operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of procedures to be performed in our audit of the financial statements of the Company for the period ended December 31, 2012, and this report does not affect our report thereon dated February 13, 2013.

The size of the business and the resultant limited number of employees imposes practical limitations on the effectiveness of those internal control policies and procedures that depend on the segregation of duties. Because this condition is inherent in the size of the Company, the specific weaknesses are not described herein and no corrective action has been taken or proposed by the Company.

We understand that 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 were adequate at December 31, 2012, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the Securities and Exchange Commission, the National Association of Securities Dealers and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulations of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties

Michael Caglianese CPA, P.C.

Bloomington, IL
February 13, 2013