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

SEC FILE NUMBER
8- 53051

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 09/01/12 AND ENDING 08/31/13  
 MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: HBK SORCE BROKERAGE LLC  
 ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
7680 MARKET STREET

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)  
 BOARDMAN OH 44512  
 (City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
PHILLIP WILSON (330) 758-8613  
 (Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Baker Tilly Virchow Krause, LLP

(Name - If individual, state last, first, middle name)  
225 South Sixth Street, Suite 2300 Minneapolis MN 55402  
 (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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11/15/13

OATH OR AFFIRMATION

I, PHILLIP WILSON, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HBK SORCE BROKERAGE LLC, as of AUGUST 31, 20 13, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Phillip Wilson  
Signature

President  
Title

Robin Roberts  
Notary Public

ROBIN ROBERTS  
Notary Public, State of Ohio  
My Commission Expires  
July 4, 2017

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 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.

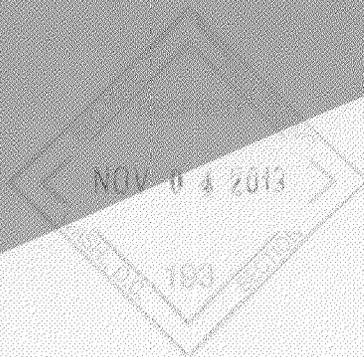
\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**HBK SORCE BROKERAGE LLC**  
(A Limited Liability Company)  
Boardman, Ohio

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Years Ended August 31, 2013 and 2012



**BAKER TILLY**

Candor. Insight. Results.

**HBK SORCE BROKERAGE LLC**  
(A Limited Liability Company)  
Boardman, Ohio

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Years Ended August 31, 2013 and 2012

**HBK SORCE BROKERAGE LLC**  
(A Limited Liability Company)

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As of and for the Years Ended August 31, 2013 and 2012

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## INDEPENDENT AUDITORS' REPORT

Board of Governors  
HBK Sorce Brokerage LLC  
Boardman, Ohio

### ***Report on the Financial Statements***

We have audited the accompanying statements of financial condition of HBK Sorce Brokerage LLC as of August 31, 2013 and 2012, and the related statements of operations, member's equity, and cash flows for the years then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements.

### ***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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditor considers 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 statements referred to above present fairly, in all material respects, the financial position of HBK Sorce Brokerage LLC as of August 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information contained in the schedule presented on page 9 is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities 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. This 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.

*Baker Tilly Virchow Krause, LLP*

Minneapolis, Minnesota  
October 22, 2013

**HBK SORCE BROKERAGE LLC**  
(A Limited Liability Company)

STATEMENTS OF FINANCIAL CONDITION  
As of August 31, 2013 and 2012

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	<b>ASSETS</b>	<u>2013</u>	<u>2012</u>
CASH AND CASH EQUIVALENTS		\$ 452,610	\$ 247,572
COMMISSIONS RECEIVABLE		2,306	32,017
OTHER ASSET		<u>350</u>	<u>350</u>
<b>TOTAL ASSETS</b>		<u>\$ 455,266</u>	<u>\$ 279,939</u>
	<b>LIABILITIES AND MEMBER'S EQUITY</b>		
DUE TO MEMBER		\$ 147,049	\$ 122,112
MEMBER'S EQUITY		<u>308,217</u>	<u>157,827</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>		<u>\$ 455,266</u>	<u>\$ 279,939</u>

See accompanying notes to financial statements.

**HBK SORCE BROKERAGE LLC**  
(A Limited Liability Company)

STATEMENTS OF OPERATIONS  
For the Years Ended August 31, 2013 and 2012

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	<u>2013</u>	<u>2012</u>
<b>REVENUES, NET</b>	<b>\$ 934,029</b>	<b>\$ 806,954</b>
<b>EXPENSES</b>		
Employee and other compensation	488,748	515,689
Regulatory fees and expenses	36,471	33,622
Other expenses	<u>258,444</u>	<u>312,859</u>
Total Expenses	<u>783,663</u>	<u>862,170</u>
<b>OTHER INCOME</b>	<u>24</u>	<u>21</u>
<b>NET INCOME (LOSS)</b>	<b>\$ <u>150,390</u></b>	<b>\$ <u>(55,195)</u></b>

See accompanying notes to financial statements.

**HBK SORCE BROKERAGE LLC**  
(A Limited Liability Company)

STATEMENTS OF MEMBER'S EQUITY  
For the Years Ended August 31, 2013 and 2012

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<b>BALANCE, August 31, 2011</b>	\$ 213,022
2012 net loss	<u>(55,195)</u>
<b>BALANCE, August 31, 2012</b>	157,827
2013 net income	<u>150,390</u>
<b>BALANCE, August 31, 2013</b>	<u>\$ 308,217</u>

See accompanying notes to financial statements.

**HBK SORCE BROKERAGE LLC**  
(A Limited Liability Company)

STATEMENTS OF CASH FLOWS  
For the Years Ended August 31, 2013 and 2012

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	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 150,390	\$ (55,195)
Changes in operating assets and liabilities:		
Commissions receivable	29,711	(22,774)
Due to member	<u>24,937</u>	<u>(32,053)</u>
Net Cash Flows from Operating Activities	<u>205,038</u>	<u>(110,022)</u>
<b>Net Change in Cash and Cash Equivalents</b>	205,038	(110,022)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>247,572</u>	<u>357,594</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 452,610</u>	<u>\$ 247,572</u>

See accompanying notes to financial statements.

**HBK SORCE BROKERAGE LLC**  
(A Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended August 31, 2013 and 2012

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**NOTE 1 - Summary of Significant Accounting Policies**

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*Nature of Business*

The Company, an Ohio limited liability company, was organized on June 5, 2000 for the purpose of being registered with the Securities and Exchange Commission (SEC) and joining the Financial Industry Regulatory Authority, Inc. (FINRA) as a broker/dealer. The Company is wholly owned by HBK Sorce Financial LLC. The Company operates as a limited broker/dealer under the greater of \$5,000 or 6 and 2/3 percent of liabilities minimum net capital requirement of SEC Rule 15c3-1(a)(2)(vi). The Company is approved to offer mutual fund products on an application-way basis in the state of Ohio.

Effective March 14, 2001, the Company became licensed with the SEC as a registered broker/dealer and commenced operations thereafter.

*Cash and Cash Equivalents*

The Company defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. The Company maintains its cash in financial institutions and money market mutual funds. The balances, at times, may exceed federally insured limits.

*Revenue Recognition and Related Expenses*

Commission income and expenses are recorded on a trade-date basis.

*Commissions Receivable*

The receivable is unsecured and is fully collectible as of August 31, 2013 and 2012.

*Estimates and Assumptions*

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

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**NOTE 2 - Net Capital Requirements**

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The Company is subject to the SEC's 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 fifteen to one. Net capital and the related net capital ratio fluctuate on a daily basis. As of August 31, 2013 and 2012, the net capital ratio was .49 to 1.0 and .80 to 1.0 and net capital was \$300,518 and \$152,968, which exceeded the minimum requirement by \$290,715 and \$144,827.

No material differences exist between the net capital calculated above and the net capital computed and reported in the Company's August 31, 2013 FOCUS filing. Per Rule 15c3-3 of the SEC Uniform Net Capital Rule, the Company is exempt under the (k)(1) exemption.

**HBK SORCE BROKERAGE LLC**  
(A Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended August 31, 2013 and 2012

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**NOTE 3 - Income Taxes**

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The Company is not a taxpaying entity for federal and state income tax purposes. The Company's taxable income or loss is taxed on the sole member's income tax returns. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

With few exceptions, the Company is no longer subject to U.S. federal, state or local income tax examinations by tax authorities for the fiscal years before 2010. The Company is not currently under examination by any taxing jurisdiction. In the event of any future tax assessments, the Company has elected to record the income taxes and any related interest and penalties as income tax expense on the Company's statements of operations.

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**NOTE 4 - Related Parties**

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The Company's member allocates shared expenses such as rent, payroll, office equipment and supplies, insurance and other administrative expenses based on the Company's percentage of revenues to total revenues of other financial service affiliates that have shared expenses.

Due to member was \$147,049 and \$122,112 as of August 31, 2013 and 2012 and is unsecured, non-interest bearing and due on demand.

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**NOTE 5 - Subsequent Events**

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The Company did not have any subsequent events through October 22, 2013, which is the date the financial statements were available to be issued, for events requiring recording and disclosure in the financial statements for the year ended August 31, 2013.

## **SUPPLEMENTAL INFORMATION**

**HBK SORCE BROKERAGE LLC**  
(A Limited Liability Company)

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
As of August 31, 2013

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**COMPUTATION OF NET CAPITAL**

Total member's equity	\$ 308,217
Deductions and/or charges:	
Non-allowable assets:	
Other asset	<u>(350)</u>
Net capital before haircuts on securities owned	307,867
Haircuts on corporate securities	<u>(7,349)</u>
Net capital	<u>\$ 300,518</u>

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

Total liabilities from statement of financial condition	<u>\$ 147,049</u>
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**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

Minimum net capital requirement	<u>\$ 9,803</u>
Excess net capital at 1,500 percent	<u>\$ 290,715</u>
Excess net capital at 1,000 percent	<u>\$ 285,813</u>
Ratio: Aggregate indebtedness to net capital	<u>.49 to 1</u>

**INDEPENDENT AUDITORS' SUPPLEMENTARY REPORT  
ON INTERNAL ACCOUNTING CONTROL**

Board of Governors  
HBK Sorce Brokerage LLC  
Boardman, Ohio

In planning and performing our audit of the financial statements and supplemental schedule of HBK Sorce Brokerage LLC (a Limited Liability Company) as of and for the year ended August 31, 2013, 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 (or aggregate debits) 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 and the practices and procedures referred to above, error 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 *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 and correct, 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 and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. However, we identified a certain deficiency in internal control that we consider to be a significant deficiency. There is a lack of segregation of duties in the accounting department. Additionally, there are no controls in place to compensate for the lack of segregation of duties. Without appropriate segregation of duties, or compensating controls within the accounting department, it is possible the Company may not be able to successfully prevent an error or misstatement from occurring. We communicated this in writing to management and the sole member on October 22, 2013.

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, as described in the second paragraph of this report, were adequate as of August 31, 2013, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Governors, management, the SEC, 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.

*Baker Tilly Virchow Krause, LLP*

Minneapolis, Minnesota  
October 22, 2013

