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8/14/14



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL	
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Estimated average burden hours per response.....	12.00

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

SEC FILE NUMBER
8- 68308

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

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Spring Hill Capital Markets LLC OFFICIAL USE ONLY

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

1095 Avenue of the Americas, 26<sup>th</sup> Floor  
(No. and Street)

New York NY 10036  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

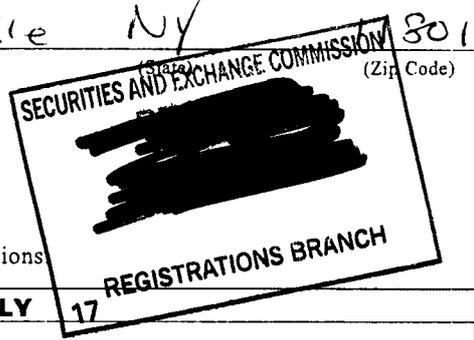
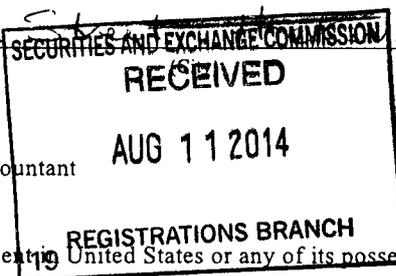
INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Salvatore Albanese & Company LLC  
(Name - if individual, state last, first, middle name)

65 East John Street, Suite 1110 NY  
(Address) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not residing 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)

DD  
8/14/14

OATH OR AFFIRMATION

I, Kovin D White, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Spring Hill Capital Markets LLC, as of December 31, 2013, 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:

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

[Signature]  
Signature  
Managing Partner  
Title

Katrina Nash  
Notary Public

KATINA NASH  
NOTARY PUBLIC, State of New York  
No. 24-4617148  
Qualified in Kings County

This report \*\* contains (check all applicable boxes): Cert. Filed in New York County  
Commission Expires 6/30/2015

- (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).

**SPRING HILL CAPITAL MARKETS, LLC  
SUPPLEMENTARY INFORMATION  
COMPUTATION OF NET CAPITAL (RULE 15C 3-3)  
AND RELATED RECONCILIATION  
FOR THE YEARS ENDED DECEMBER 31, 2013**

<b>Total Members' Equity</b>		\$ 1,209,781
Deductions and/or charges:		
Nonallowable assets:		
Due from Related Party	\$ 154,073	
Prepaid Expenses	33,403	
Deposits	130,000	
Property and Equipment, net of Accumulated Depreciation and Amortization	143,070	
		460,546
<b>Net Capital</b>		<b>749,235</b>
Minimum Net Capital Requirement		100,000
<b>Excess Net Capital</b>		<b>\$ 649,235</b>
Ratio of aggregate indebtedness to net capital		.12 to 1
<b><u>Reconciliation of Material Differences:</u></b>		
Net Capital per Above Computation		\$ 749,235
Net Capital per Focus Report Filed		879,235
<b>Difference</b>		<b>\$ (130,000)</b>
<u>Difference Accounted for as Follows:</u>		
Net Audit Adjustments - resulting from a reclassification of an asset		\$ (130,000)
Difference per Above Reconciliation		\$ (130,000)

**Salvatore Albanese & Co.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**ACCOUNTANTS' SUPPLEMENTARY REPORT  
ON INTERNAL ACCOUNTING CONTROL**

To the Members of  
Spring Hill Capital Markets, LLC

In planning and performing our audit of the financial statements and supplemental schedules of Spring Hill Capital Markets, LLC (the Company), for the year ended December 31, 2013, we considered its internal control structure, 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 the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we 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 objectives stated in the rule 17a-5(g) in making the periodic computation of aggregate indebtedness (or aggregate debits) and net capital rule under 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 the 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 an internal control structure 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.

521 Fifth Avenue, 17th Fl., New York, NY 10175  
Tel: (212) 714-0064 Fax: (212) 629-9553

\*\*\*

65 East John Street, Hicksville, NY 11801  
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Accountants' Supplementary Report  
on Internal Accounting Control- Continued

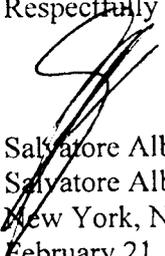
Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in 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 no matters involving internal control, including control activities for safeguarding securities that we consider to be material weaknesses as defined above.

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, 2013, to meet the SEC's objectives.

This report is intended solely for the information and use of the 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.

Respectfully submitted,



Salvatore Albanese CPA  
Salvatore Albanese & Co., LLC  
New York, New York  
February 21, 2014

**Salvatore Albanese & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS

Spring Hill Capital Markets, LLC  
1095 Avenue of the Americas 26<sup>th</sup> Fl  
New York, NY 10036

March 14, 2014

**Securities Investor Protection Corporation Report:**

We have audited the General Assessment Reconciliation (SIPC-7) for the year ended December 31, 2013 of Spring Hill Capital Markets, LLC. The assessment was determined fairly in accordance with the applicable instructions.

Respectfully submitted,



Salvatore Albanese & Co. LLC

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Tel: (212) 714-0064 Fax: (212) 629-9553

\*\*\*

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**SPRING HILL CAPITAL MARKETS, LLC  
DECEMBER 31, 2013**

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**SUPPLEMENTAL REPORTS**

Form X-17 A-5 Facing page	
Computation of Net Capital with Reconciliation of Material Differences	
Report on Internal Control	
SIPC Report	

**Salvatore Albanese & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS

To the Members of  
Spring Hill Capital Markets, LLC  
New York, New York

**INDEPENDENT AUDITOR'S REPORT**

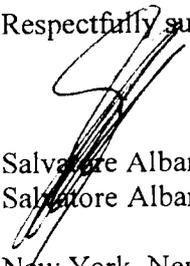
We have audited the accompanying statement of financial condition of Spring Hill Capital Markets, LLC as of December 31, 2013 and 2012, and the related statements of income and members' equity, and cash flows for the years then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. 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. 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 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 Spring Hill Capital Markets, LLC as of December 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.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplemental reports is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



Salvatore Albanese, CPA  
Salvatore Albanese & Co., LLC  
New York, New York  
February 21, 2014

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Tel: (212) 714-0064 Fax: (212) 629-9553

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**SPRING HILL CAPITAL MARKETS, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2013 AND 2012**

ASSETS	<u>2013</u>	<u>2012</u>
Cash and Cash Equivalents	\$128,989	\$335,147
Receivable from Clearing Broker	462,665	271,214
Deposits	130,000	-
Deposit at Clearing Broker	250,000	-
Due from Related Parties	154,073	151,798
Prepaid Expenses	33,403	32,974
Total Current Assets	<u>1,159,130</u>	<u>791,133</u>
Property and Equipment, less Accumulated Depreciation of \$49,978 and \$26,993	89,162	99,188
Organizational Costs, less Accumulated Amortization of \$215,977 and \$161,977	53,908	107,908
Total Other Assets	<u>143,070</u>	<u>207,096</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$1,302,200</u></u></b>	<b><u><u>\$998,229</u></u></b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Liabilities</b>		
Accounts Payable	\$92,419	\$244,571
Total Current Liabilities	<u>92,419</u>	<u>244,571</u>
<b>Members' Equity</b>	<u>1,209,781</u>	<u>753,658</u>
<b>TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b>	<b><u><u>\$1,302,200</u></u></b>	<b><u><u>\$998,229</u></u></b>

The accompanying auditor's report and notes to financial statements are an integral part of these statements.

**SPRING HILL CAPITAL MARKETS, LLC**  
**STATEMENT OF INCOME AND MEMBERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

<b>Income</b>	<u>2013</u>	<u>2012</u>
Commissions (Note 2)	\$1,847,188	\$3,798,628
Fee Income	182,000	50,000
Interest	122	847
	<u>2,029,310</u>	<u>3,849,475</u>
 <b>Operating Expenses</b>		
Salaries and Employee Benefits	1,821,516	3,082,279
Professional Fees (Note 2)	(92,480)	282,959
Data Processing and Communications	271,580	261,628
Rent Expense	594,198	789,980
Other Expenses	73,690	166,719
Depreciation & Amortization	77,045	74,605
Travel & Entertainment	127,638	202,542
	<u>2,873,187</u>	<u>4,860,712</u>
 Total Operating Expenses		
	<u>2,873,187</u>	<u>4,860,712</u>
 <b>Net Income</b>	 <b>(843,877)</b>	 <b>(1,011,237)</b>
 Members' Equity at the Beginning of the Year	 753,658	 506,145
Capital Contributions	<u>1,300,000</u>	<u>1,258,750</u>
 Members' Equity at the End of the Year	 <u><u>\$1,209,781</u></u>	 <u><u>\$753,658</u></u>

The accompanying auditor's report and notes to financial statements are an integral part of these statements.

**SPRING HILL CAPITAL MARKETS, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**CASH FLOWS FROM OPERATING ACTIVITIES**

	<u>2013</u>	<u>2012</u>
<b>Net loss from operations</b>	(\$843,877)	(\$1,011,237)
Adjustments to Reconcile Net Income (Loss) Provided by Operating Activities:		
Depreciation and Amortization	77,045	74,605
Decrease (Increase) in Operating Assets		
Accounts Receivable	(191,451)	231,909
Due from Related Party	(2,276)	(146,797)
Prepaid Expenses	(429)	29,770
Deposits	(130,000)	-
Deposit at Clearing Broker	(250,000)	-
Increase (Decrease) in Operating Liabilities		
Accounts Payable	(152,152)	(35,953)
Due to (from) Related Party SHMC	-	(250,000)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(1,493,140)</u>	<u>(1,107,703)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Equipment	<u>(13,019)</u>	<u>(7,311)</u>
<b>Net Cash Used by Investing Activities</b>	<u>(13,019)</u>	<u>(7,311)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Contribution (Distributions) to Members-net	<u>1,300,000</u>	<u>1,258,750</u>
<b>Net Cash Provided (Used) by Financing Activities</b>	<u>1,300,000</u>	<u>1,258,750</u>
<b>Net Increase (Decrease) in Cash</b>	<u>(\$206,159)</u>	<u>\$143,736</u>
Cash and Cash Equivalents at the Beginning of the Year	<u>335,148</u>	<u>191,412</u>
Cash and Cash Equivalents at the End of the Year	<u><u>\$128,989</u></u>	<u><u>\$335,148</u></u>

The accompanying auditor's report and notes to financial statements are an integral part of these statements.

**SPRING HILL CAPITAL MARKETS, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 1 - ORGANIZATION AND NATURE OF BUSINESS**

Spring Hill Capital Markets, LLC, hereinafter referred to as "the Company", was formed on April 22, 2009 in Delaware and is a wholly owned subsidiary of Spring Hill Holding, LLC a Delaware Limited Liability Company. The Company is a securities broker-dealer registered with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority (FINRA).

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist in understanding the Company's financial statements. The financial statements and notes thereto are the representation of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The Company is engaged in a single line of business as a securities broker-dealer, conducting agency transactions, on behalf of its customers.

Securities Transactions

Commission income and related execution and clearing charges are recorded on a trade-date basis as securities transactions occur.

Income Taxes

The Company has elected to be taxed as a partnership for income tax purposes. As such, the members of the Company's parent company, Spring Hill Holding, LLC, include their share of the income and losses in their respective income tax returns. Accordingly, no federal or state income taxes are payable by the Company.

Depreciation and Amortization

Depreciation and amortization are provided on a straight line method using estimated useful lives of the assets.

**SPRING HILL CAPITAL MARKETS, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash and 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 ninety days that are not held for sale in the ordinary course of business.

Professional Fees

In 2012 legal fees were expensed that were determined to not be required in 2013. We have included a reversal of these expenses in the current year.

**NOTE 3 - CONCENTRATIONS OF CREDIT RISK**

At December 31, 2013, the financial instruments that potentially expose the Company to concentrations of credit risk consist principally of money market funds held by its Bank. During 2013, the Company maintained cash balances on deposit with the financial institution which, from time to time, exceeded the Federal Depository Insurance Corporation limit and subjected the Company to concentration of credit risk.

The commissions receivable are from the Company's former clearing broker. The Company does not believe that the concentration of credit risk of the aforementioned financial instruments represents a material risk of loss with respect to its financial position as of December 31, 2013.

**NOTE 4 - RECEIVABLE FROM CLEARING ORGANIZATION**

Amounts Receivable from the former Clearing Broker at December 31, 2013 and 2012, consists of commission receivables of \$462,665 and \$271,214, respectively.

**NOTE 5 - NET CAPITAL REQUIREMENTS**

As a registered broker-dealer, the Company is subject to the requirements of Rule 15c3-1 (the net capital rule) under the Securities Exchange Act of 1934. The basic concept of the rule which is liquidity requires a broker-dealer to have at all times, sufficient liquid assets to cover its current indebtedness.

**SPRING HILL CAPITAL MARKETS, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 5 - NET CAPITAL REQUIREMENTS (Continued)**

Specifically, the rule prohibits a broker-dealer from permitting its "aggregate indebtedness" from exceeding 15 times its "net capital" as those terms are defined. On December 31, 2013, the aggregate indebtedness and net capital of the Company were \$92,419 and \$749,235, respectively. The required minimum net capital for this same date was \$100,000, resulting in excess net capital of \$649,235.

**NOTE 6 - OFF-BALANCE SHEET RISK**

Pursuant to clearance agreements, the Company introduces all of its securities transactions to clearing brokers on a fully-disclosed basis. All of the customers' money balances and long and short security positions are carried on the books of the clearing brokers.

In accordance with the clearance agreements, the Company has agreed to indemnify the clearing brokers for losses, if any, which the clearing brokers may sustain from carrying securities transactions introduced by the Company. In accordance with the industry practice and regulatory requirements, the Company and the clearing brokers monitor collateral on the customers' accounts. In addition, the Receivable from Clearing Broker is pursuant to these clearance agreements.

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

Operating Lease

On October 6, 2009, Spring Hill Management Company (a related entity of the Company) entered into an operating lease for office space that was extended on July 1, 2013. Minimum future rental payments under this cancelable operating lease are \$416,666.70 plus \$24,107.50 additional charges for the term of the lease ending on October 31, 2014.

Arbitration

No pending arbitrations.

**NOTE 8 - SUBSEQUENT EVENTS**

These financial statements were approved by management and available for issuance on March 14, 2014. Subsequent events have been evaluated through this date.

As of January 9, 2014 the Company has changed its clearing firm.

**SPRING HILL CAPITAL MARKETS, LLC  
FINANCIAL STATEMENT SUPPLEMENTAL REPORTS  
DECEMBER 31, 2013**

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Computation of Net Capital with Reconciliation of Material Differences

Report on Internal Control

SIPC Report