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MISSION

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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(a) of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 10/01/13 AND ENDING 09/30/14  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: AltaCorp Capital (USA) Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1100, 888-3<sup>rd</sup> Street SW  
(No. and Street)

Calgary  
(City)

AB, Canada  
(State)

T2P 5C5  
(Zip Code)

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

Shauna Campbell

403-539-8002

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

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

KPMG LLP

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

2700, 205-5<sup>th</sup> Ave SW, Calgary, AB, Canada T2P 4B9  
(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)

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OATH OR AFFIRMATION

I, Shauna Campbell, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Aita Corp Capital (USA) Inc., as of September 30, 20 14, 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:

\_\_\_\_\_

\_\_\_\_\_

Steven Ngo  
Student-at-Law

Shauna Campbell

Signature

CEO

Title

[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).

Statement of Financial Condition

**AltaCorp Capital (USA) Inc.**

September 30, 2014

(with Report of Independent Registered Accounting Firm)



**KPMG LLP**  
**Chartered Accountants**  
2700 205 - 5th Avenue SW  
Calgary AB T2P 4B9

Telephone (403) 691-8000  
Fax (403) 691-8008  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **Report of Independent Registered Public Accounting Firm**

The Board of Directors  
AltaCorp Capital (USA) Inc.:

We have audited the accompanying statement of financial condition of AltaCorp Capital (USA) Inc. (the "Company") as of September 30, 2014 (the "financial statement"). The financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the Company as of September 30, 2014, in conformity with U.S. generally accepted accounting principles.

Chartered Accountants

November 27, 2014  
Calgary, Canada

# AltaCorp Capital (USA) Inc.

Statement of Financial Condition  
(All figures presented in US dollars)

As of September 30, 2014

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	2014
<b>Assets</b>	
Cash	\$ 581,737
Due from carrying broker (Note 3)	45,641
Accounts receivable	2,000
Deposit with carrying broker (Note 4)	250,000
Good & Services Taxes receivable	39,869
Prepaid expenses	2,726
<b>Total assets</b>	<b>\$ 921,973</b>

## Liabilities and Shareholder's Equity

### Liabilities:

Due to AltaCorp Capital Inc. (Note 6)	\$ 88,631
Accounts payable and accrued liabilities	30,757
Due to carrying broker (Note 5)	10,848
Income taxes payable	18,251
<b>Total liabilities</b>	<b>148,487</b>

### Shareholder's equity:

Share capital (Note 7)	611,606
Retained Earnings	161,880
<b>Total shareholder's equity</b>	<b>773,486</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 921,973</b>

See accompanying notes to the financial statement.

Approved by the Board:



Director

# **AltaCorp Capital (USA) Inc.**

## **Notes to the Financial Statement**

[All figures presented in United States dollars]

**As at September 30, 2014**

### **1. BACKGROUND**

AltaCorp Capital (USA) Inc. [the "Company"], was incorporated under the *Business Corporations Act* (Alberta) as a wholly-owned subsidiary of AltaCorp Capital Inc. [the "Parent"] on June 21, 2010, and commenced operations on April 5, 2011. The Company is registered as a broker/dealer with the Financial Industry Regulatory Authority, Inc. ("FINRA") and is a member of the Securities Investor Protection Corporation ("SIPC"). The Company specializes in investments in the Canadian energy industry and deals exclusively with institutional clients.

The Company became an Introducing Broker to Apex Clearing Corporation ("Apex Clearing") on June 5, 2012. Prior to that time, the Company was an Introducing Broker to Penson Financial Services, Inc. Apex Clearing performs certain securities clearing activities and record keeping as the agent for the Company for a fee based on the number of trades executed, settled and cleared on behalf of the Company. The Company's Fully Disclosed Clearing Agreement with Apex Clearing expires August 28, 2016.

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission Act of 1934, in that the Company's activities are limited to those set forth in conditions for exemption under paragraph (k)(2)(ii) of that Rule.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

The statement of financial condition has been prepared by management in accordance with accounting principles generally accepted in the United States ["US"]. Significant accounting policies are as follows:

#### **Use of estimates**

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which would affect the amounts of recorded assets and liabilities. Actual amounts could differ from these estimates.

#### **Financial instruments**

The carrying values of all of the Company's financial instruments approximate their fair values. Financial instruments include cash, accounts receivable, deposit with carrying broker, due from (to) carrying broker, and accounts payable and accrued liabilities. All financial instruments are measured at amortized cost.

# **AltaCorp Capital (USA) Inc.**

## **Notes to the Financial Statement**

[All figures presented in United States dollars]

**As at September 30, 2014**

### **2. SIGNIFICANT ACCOUNTING POLICIES (continued):**

#### **Income taxes**

The Company records income taxes using the liability method. Under this method, deferred tax assets and liabilities are recognized based on the anticipated future tax effects arising from the differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases.

### **3. DUE FROM CARRYING BROKER**

The \$45,641 receivable from the Company's carrying broker represents amounts due from Apex Clearing for commissions earned.

### **4. DEPOSIT WITH CARRYING BROKER**

In accordance with the terms of the agreement with Apex Clearing, the Company must maintain a minimum of \$250,000 in the form of cash, liquid assets or marketable securities in a clearing deposit account to be held by the carrying broker as long as the agreement is in effect and as such is not available for use by the Company. The Company may be required to provide additional funds should the carrying broker's margin requirements change. Apex Clearing is a regulated entity under the jurisdiction of FINRA and a member of SIPC.

### **5. DUE TO CARRYING BROKER**

The \$10,848 payable to the Company's carrying broker represents amounts due to Apex Clearing for clearing trades.

### **6. RELATED PARTY TRANSACTIONS**

Substantially all of the Company's administrative functions are handled by the Parent. Certain operating, overhead and other costs related to these services are recovered through a management fee. The management fee consists of a monthly base recovery, which is calculated by allocating a portion of the operating expenses, overhead expenses and compensation costs of the Parent. In addition, the Parent may, in its sole discretion, charge the Company a monthly proportional allocation service fee. The allocation service fee is based on a percentage of the Company's monthly net operating revenue. The inter-company balance arising from these transactions is

# AltaCorp Capital (USA) Inc.

## Notes to the Financial Statement

[All figures presented in United States dollars]

As at September 30, 2014

### 6. RELATED PARTY TRANSACTIONS (continued):

recorded as due to AltaCorp Capital Inc. The inter-company balances are due on demand and do not bear interest.

At September 30, 2014, the net payable to AltaCorp Capital Inc. for these and other transactions is \$88,631.

### 7. SHARE CAPITAL

Details of the Company's share capital are as follows:

	<b>2014</b>
Authorized:	
Unlimited common shares without nominal or par value	
Issued and outstanding:	
615,000 common shares	\$611,606

### 8. REGULATORY NET CAPITAL REQUIREMENT

As a registered broker/dealer, the Company is subject to Uniform Net Capital Rule 15c3-1 of the Securities and Exchange Commission ["SEC"]. The Company computes its net capital under the basic method and is required to maintain minimum net capital, as defined, equal to the greater of \$250,000 or 6 2/3% of aggregate indebtedness, as defined, at all times. At September 30, 2014, the Company had net capital equal to \$729,437, which exceeded its requirement by \$479,437.

In October 2013, the Company self-reported a capital deficiency to FINRA due to an underwriting commitment. The Company was temporarily offside, but the deficiency was resolved. The Company was issued a Cautionary Action by FINRA. Except for this one occurrence, the Company was in compliance with all minimum regulatory net capital requirements to which it is subject to as at and for the year ended September 30, 2014.