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**ANNUAL AUDITED REPORT
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PART III**

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Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder WASH, D.C.

REPORT FOR THE PERIOD BEGINNING 01/01/2017 AND ENDING 12/31/2017
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **D. H. Hill Securities, LLLP**

OFFICIAL USE ONLY

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

FIRM I.D. NO.

1543 Green Oak Place Suite 100

(No. and Street)

Kingwood

TX

77339

(City)

(State)

(Zip Code)

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

Dan H. Hill

832-644-1852

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Phillip V. George, PLLC

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

5179 CR 1026

Celeste

TX

75423

(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)

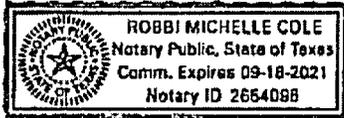
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OATH OR AFFIRMATION

I, Dan H. Hill, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of D. H. Hill Securities, LLLP, as of December 31, 2017, 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:



Robbi Michelle Cole
Notary Public

[Signature]
Signature
Financial Operations Officer
Title

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).

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PHILLIP V. GEORGE, PLLC
CERTIFIED PUBLIC ACCOUNTANT
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners
D.H. Hill Securities, LLLP

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of D.H. Hill Securities, LLLP as of December 31, 2017, the related statements of operations, changes in partners' capital, and cash flows for the year then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of D.H. Hill Securities, LLLP as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

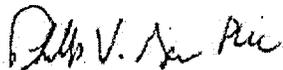
Basis for Opinion

These financial statements are the responsibility of D.H. Hill Securities, LLLP's management. Our responsibility is to express an opinion on D.H. Hill Securities, LLLP's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to D.H. Hill Securities, LLLP in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Supplemental Information

The supplemental information contained in Schedule I has been subjected to audit procedures performed in conjunction with the audit of D.H. Hill Securities, LLLP's financial statements. The supplemental information is the responsibility of D.H. Hill Securities, LLLP's management. Our audit procedures included determining whether the supplemental information reconciles in the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplemental information contained in Schedule I is fairly stated, in all material respects, in relation to the financial statements as a whole.



PHILLIP V. GEORGE, PLLC

We have served as D.H. Hill Securities, LLLP's auditor since 2017.

Celeste, Texas
February 26, 2018

D. H. HILL SECURITIES, LLLP
Statement of Financial Condition
December 31, 2017

Assets	
Cash	\$ 86,057
Receivables	\$ 136,940
Other receivables	\$ 9,934
Prepaid expenses	\$ 4,701
Total Assets	<u>\$ 237,632</u>
Liabilities and Partners' Capital	
Liabilities	
Commissions payable	\$ 96,403
Total Liabilities	<u>\$ 96,403</u>
Partners' Capital	<u>\$ 141,229</u>
Total Liabilities and Partners' Capital	<u>\$ 237,632</u>

See Notes to Financial Statements.

D. H. HILL SECURITIES, LLLP
Statement of Operations
For Year Ended December 31, 2017

Revenues	
Securities commissions	\$ 882,304
Insurance commissions	\$ 362,800
Private Placements	\$ 251,625
Mutual fund commissions	\$ 141,453
Administrative Services	\$ 162,935
Other revenue	<u>\$ 5,237</u>
 Total Revenues	 <u>\$ 1,806,355</u>
 Expenses	
Compensation and related costs	\$ 1,169,423
General and administrative services - related parties	\$ 533,002
Professional fees	\$ 78,173
Regulatory fees	\$ 14,211
Other expenses	<u>\$ 15,341</u>
 Total Expenses	 <u>\$ 1,810,150</u>
 Net loss before provision for income taxes	 \$ (3,795)
Current income taxes - state	<u>\$ (2,207)</u>
 Net Loss	 <u><u>\$ (6,002)</u></u>

See Notes to Financial Statements.

D. H. HILL SECURITIES, LLLP
Statement of Changes in Partners' Capital
For Year Ended December 31, 2017

	<u>General Partner's Capital</u>	<u>Limited Partner's Capital</u>	<u>Total</u>
Balance, December 31, 2016	\$ 2,945	\$ 144,286	\$ 147,231
Net loss	<u>\$ (120)</u>	<u>\$ (5,882)</u>	<u>\$ (6,002)</u>
Balance, December 31, 2017	<u>\$ 2,825</u>	<u>\$ 138,404</u>	<u>\$ 141,229</u>

See Notes to Financial Statements.

D. H. HILL SECURITIES, LLLP
Statement of Cash Flows
For Year Ended December 31, 2017

Cash flows from operating activities	
Net loss	\$ (6,002)
Adjustments to reconcile net loss to net cash used in operating activities	
Increase in receivable	\$ (32,602)
Increase in other receivables	\$ (9,934)
Increase in prepaid expenses	\$ (2,526)
Decrease in accounts payable	\$ (10,153)
Increase in commissions payable	\$ 24,184
Decrease in accrued expenses	\$ (21,000)
	<u> </u>
Net cash used in operating activities	<u>\$ (58,032)</u>
Net decrease in cash	\$ (58,032)
Cash, beginning of year	<u>\$ 144,090</u>
Cash, end of year	<u><u>\$ 86,057</u></u>

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:	
Interest	<u>\$ -</u>
Income taxes - state	<u>\$ 2,207</u>

See Notes to Financial Statements.

NOTE A – NATURE OF BUSINESS

Nature of Business

D.H. Hill Securities, LLLP (the “Partnership”), a Texas limited partnership, was formed in June 1996. The Partnership is a broker/dealer in securities registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA) and Securities Investor Protection Corporation (SIPC).

The Partnership operates pursuant to section (k)(2)(i) exemptive provisions of Rule 15c3-3 of the Securities Exchange Act of 1934, and accordingly, is exempt from the remaining provisions of that Rule. The Partnership does not hold customer funds or securities.

The Partnership’s operations consist primarily of providing securities and insurance brokerage services to individuals located throughout the United States.

The general partner of the Partnership is H & H Services, Inc. (General Partner). The General Partner has the authority to manage and control the business affairs of the Partnership.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Substantially all the Partnership’s financial asset and liability amounts reported in the statement of financial condition are short term in nature and approximate fair value.

Revenue Recognition

Securities commissions are primarily related to the sale of various shares of unlisted REITs and unlisted BDCs. Securities commissions are recorded on the date the subscription agreement is received by the home office and recorded on the Trade Blotter. For certain share classes, in addition to upfront commissions and fees, ongoing shareholder servicing fees are paid by the Sponsoring Company. The ongoing shareholder servicing fees are charged monthly in arrears for BDCs and unlisted REITs with some quarterly charges.

Insurance commissions are primarily related to variable annuity products. Insurance commissions are recorded on insurance products when the application is received by the Home Office. On contracts that remain in force, trail fees and renewal commissions are accrued as earned.

The sale of interests in private placement offerings are recorded in the period in which customer subscriptions to such offerings are received by the Home Office and recorded on the Trade Blotter.

Mutual fund commissions are recorded on the trade blotter the date the application is received by the Home Office. Mutual fund trail fees are accrued as earned.

Administrative services revenue is recorded when earned under the respective agreements.

Income Taxes

Taxable income or loss of the Partnership is included in the income tax returns of the partners; therefore, no provision for federal income taxes has been made in the accompanying financial statements. The Partnership is subject to state income taxes.

As of December 31, 2017, open Federal tax years subject to examination include the tax years ended December 31, 2014 through December 31, 2016.

NOTE C – NET CAPITAL REQUIREMENTS

The Partnership is subject to the SEC 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, should not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2017, the Partnership had net capital of \$86,057, which was \$79,630 in excess of its required net capital of \$5,000. The Partnership's net capital ratio was .112 to 1.

NOTE D – RELATED PARTY TRANSACTIONS

The Partnership and two related parties (“Affiliates”) are under common control. The existence of that control creates operating results and financial position significantly different than if the Companies were autonomous. Transactions between the Partnership and the Affiliates were not consummated on terms equivalent to arm’s length transactions.

The Partnership has entered into an expense sharing agreement (“Agreement”) with the Affiliates. Under the Agreement, the Affiliates can bill the Partnership monthly for general and administrative services, including employee costs, in amounts ranging from \$25,000 to \$100,000 per month. The Partnership paid the Affiliates \$533,002 under the Agreement during the year ended December 31, 2017.

NOTE E - CONTINGENCIES

The Partnership's business subjects it to various claims, regulatory examinations, and other proceedings in the ordinary course of business. As of December 31, 2017, the Partnership has one litigation and three arbitration claims filed against it. The nature of these claims is related to the Partnership's activities in the securities industry. The litigation and arbitrations seek an unspecified amount of damages. The Partnership, based in part upon the opinion of legal counsel, does not believe there is a likelihood of a significant unfavorable outcome in these matters. No provision has been made in the accompanying financial statements related to these matter; however, it is at least reasonably possible that the Partnership's estimate of its liability may change in the near term. The Partnership intends to vigorously defend itself against these actions; however, the ultimate outcome of these and any other actions against the Partnership could have an adverse impact on the financial condition, results of operations, or cash flows of the Partnership.

NOTE F – SUBSEQUENT EVENTS

Management has evaluated the Partnership's events and transactions that occurred subsequent to December 31, 2017, and through February 26, 2018, the date which the financial statements were available to be issued. There have been no material subsequent events that occurred during this period that would require disclosure in this report or would be required to be recognized in the financial statements as of December 31, 2017.

D. H. HILL SECURITIES, LLLP
Schedule I – Supplemental Information Pursuant to Rule 17a-5
December 31, 2017

Computation of Net Capital:

Total partners' capital qualified for net capital	\$ 141,229
Deductions and/or changes	
Non-allowable assets:	
Receivables in excess of commissions payable	\$ 40,537
Other receivables	\$ 9,934
Prepaid expenses	\$ 4,701
Total deductions and/or changes	\$ 55,172
Net Capital	\$ 86,057

Aggregate indebtedness:

Commissions Payable	\$ 96,403
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Total aggregate indebtedness	\$ 96,403
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Computation of basic net capital requirement

Minimum net capital required (greater of \$5,000 or 6 2/3% of aggregate indebtedness)	\$ 6,427
Net capital in excess of minimum requirement	\$ 79,630
Ratio of aggregate indebtedness to net capital	1.12

Reconciliation of Computation of Net Capital:

Net capital, as reported in the Partnership's Part IIA (unaudited FOCUS report)	\$ 95,949
Increase in receivables	\$ 32,120
Increase in commissions payable	\$ (27,149)
Increase in deduction for non-allowable receivable	\$ (4,929)
Increase in non-allowable assets	\$ (9,934)
Net capital as computed above	\$ 86,057

Statement regarding the Reserve Requirements and Possession or Control Requirements:

The Partnership operates pursuant to section (k)(2)(i) exemptive provision of Rule 15c3-3 of the Securities Exchange Act of 1934, and accordingly, is exempt from the remaining provisions of that Rule. Under these exemptive provisions, the Computation for Determination of Reserve Requirements and information Relating to the Possession and Control are not required.

Statement Regarding Changes in Liabilities Subordinated to Claims of General Creditors:

No statement is required as no subordinated liabilities existed at any time during the year.

PHILLIP V. GEORGE, PLLC
CERTIFIED PUBLIC ACCOUNTANT

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners
D.H. Hill Securities, LLLP

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) D.H. Hill Securities, LLLP identified the following provisions of 17 C.F.R. §15c3-3(k) under which D.H. Hill Securities, LLLP claimed an exemption from 17 C.F.R. §240.15c3-3:(2)(i) (exemption provisions) and (2) D.H. Hill Securities, LLLP stated that D.H. Hill Securities, LLLP met the identified exemption provisions throughout the most recent fiscal year without exception. D.H. Hill Securities, LLLP's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about D.H. Hill Securities, LLLP's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.



PHILLIP V. GEORGE, PLLC

Celeste, Texas
February 26, 2018



D.H. HILL SECURITIES, LLLP

1543 Green Oak Place
Suite 100
Kingwood, Texas 77339
832-644-1852

Phillip V. George, PLLC
5179 CR 1026
Celeste, TX 75423

Re: D. H. Hill Securities, LLLP's Exemption Report

D. H. Hill Securities, LLLP (the "Partnership") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Partnership states the following:

(1) The Partnership claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k):(2)(i)

(2) The Partnership met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k) throughout the most recent fiscal year without exception.

I, Dan H. Hill, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

Dan H. Hill
Financial Operations Officer
February 13, 2018