

SEC  
Mail Processing  
Section



20010579

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: August 31, 2020  
Estimated average burden  
hours per response..... 12.00

FEB 28 2020  
Washington DC  
416

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

SEC FILE NUMBER  
**8-37486**

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 01/01/19 AND ENDING 12/31/19  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Thornton Farish Inc.

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
3500 Eastern Boulevard, Suite 210

(No. and Street)

Montgomery

AL

36116

(City)

(State)

(Zip Code)

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

Sarah D. Russell

(334)270-8555

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Warren Averett LLC

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

3815 Interstate Court

Montgomery

AL

36109

(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)

KB

OATH OR AFFIRMATION

I, Scott W. Bamman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Thornton Farish Inc. of December 31, 2019, 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:

Scott W. Bamman

Signature

Scott W. Bamman, President

Title

Rebecca B. Newman

Rebecca B. Newman, Notary Public Exp. 11/22/20

Notary Public

My Commission Expires 11/22/2020

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
(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).

THORNTON FARISH INC.

**THORNTON FARISH INC.**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL INFORMATION**

**DECEMBER 31, 2019**

**THORNTON FARISH INC.  
FINANCIAL STATEMENTS PURSUANT TO SECTION 17  
OF THE SECURITIES EXCHANGE ACT OF 1934,  
AS AMENDED BY THE SECURITIES ACTS AMENDMENTS  
OF 1975 AND RULE 17a-5 THEREUNDER  
FOR THE YEAR ENDING DECEMBER 31, 2019  
(WITH REPORT OF INDEPENDENT  
REGISTERED ACCOUNTING  
FIRM THEREON)**

**THORNTON FARISH INC.  
TABLE OF CONTENTS  
DECEMBER 31, 2019**

---

<b>FACING PAGE AND OATH OR AFFIRMATION</b>	<b>1</b>
<b>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</b>	<b>3</b>
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Condition	5
Statement of Income	6
Statement of Changes In Stockholders' Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
<b>SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE I</b>	
Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission	15
<b>SCHEDULE II</b>	
Computation for Determination of Reserve Requirements under Rule 15c3-1 of the Securities and Exchange Commission	16
<b>SCHEDULE III</b>	
Information Relating to the Possession or Control Requirements under Rule 15c3-3 of the Securities and Exchange Commission	17
Note: The Statement of Changes in Liabilities Subordinated to Claims of General Creditors has been omitted since Thornton Farish, Inc. has no such liabilities outstanding at the beginning of the year, during the year or at year end.	
<b>THORNTON FARISH INC. EXEMPTION REPORT</b>	<b>18</b>
<b>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM REGARDING THE EXEMPTION REVIEW REPORT FOR THE THORNTON FARISH INC. EXEMPTION REPORT FOR CLAIMING AN EXEMPTION PURSUANT TO RULE 15c3-3</b>	<b>19</b>

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors  
Thornton Farish Inc.

### **Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Thornton Farish Inc. as of December 31, 2019, the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of Thornton Farish Inc. as of December 31, 2019, 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 Thornton Farish Inc.'s management. Our responsibility is to express an opinion on Thornton Farish Inc.'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 Thornton Farish Inc. 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.

As discussed in Note 8 to the financial statements, the Company has changed its method of accounting for operating leases as of January 1, 2019 due to the adoption of the Accounting Standards Update 2016-02, Leases (Topic 842).

**Auditors' Report on Supplemental Information**

Schedule I (Computation of Net Capital under Rule 15c3-1), Schedule II (Computation for Determination of Reserve Requirements Under Rule 15c3-3), and Schedule III (Information Relating to the Possession or Control Requirements under Rule 15c3-3) has been subjected to audit procedures performed in conjunction with the audit of Thornton Farish Inc.'s financial statements. The supplemental information is the responsibility of Thornton Farish Inc.'s management. Our audit procedures included determining whether the supplemental information reconciles to 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 (Computation of Net Capital under Rule 15c3-1), Schedule II (Computation for Determination of Reserve Requirements Under Rule 15c3-3), and Schedule III (Information Relating to the Possession or Control Requirements under Rule 15c3-3) is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Warren Avenue, LLC*

We have served as Thornton Farish Inc.'s auditor since 2001.  
Montgomery, Alabama  
February 26, 2020

**THORNTON FARISH INC.  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2019**

**ASSETS**

Cash and cash equivalents	\$ 125,525
Deposits with clearing organizations	35,102
Fees receivable	97,035
Money market funds	65,000
Funds due from clearing organizations	27,917
Stockholder receivables	238,454
Right of use asset	257,422
Property and equipment (at depreciated cost)	3,536
Other assets	6,087
<b>TOTAL ASSETS</b>	<b><u>\$ 856,078</u></b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**LIABILITIES**

Accounts payable and other liabilities	\$ 2,856
Right of use liability	257,422
<b>TOTAL LIABILITIES</b>	<b><u>260,278</u></b>

**STOCKHOLDERS' EQUITY**

Common stock – \$1 par value, 10,000 shares authorized and 1,500 shares issued and outstanding	1,500
Additional paid-in capital	509,552
Retained earnings	84,748
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b><u>595,800</u></b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 856,078</u></b>

See notes to the financial statements.

**THORNTON FARISH INC.  
STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>REVENUES</b>	
Investment banking	\$ 1,582,179
Underwritings	265,984
Commissions	1,830
Other revenue	1,660
	<hr/>
Total revenues	1,851,653
	<hr/>
<b>EXPENSES</b>	
Compensation and benefits	933,469
Clearance expenses	58,756
Communications	13,052
Depreciation	2,398
Dues, fees, and assessments	7,819
Bad debts	18,000
Occupancy costs	61,829
Other operating expenses	78,599
Promotional costs and issue expenses	51,405
	<hr/>
Total expenses	1,225,327
	<hr/>
<b>NET INCOME</b>	<b>\$ 626,326</b>

See notes to the financial statements.

**THORNTON FARISH INC.  
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>COMMON STOCK</u>	<u>ADDITIONAL PAID-IN CAPITAL</u>	<u>RETAINED EARNINGS (DEFICIT)</u>	<u>TOTAL</u>
<b>BALANCE AT JANUARY 1, 2019</b>	\$ 1,500	\$ 509,552	\$ 65,172	\$ 576,224
Net income	-	-	626,326	626,326
Dividend distributions	-	-	(606,750)	(606,750)
<b>BALANCE AT DECEMBER 31, 2019</b>	<u>\$ 1,500</u>	<u>\$ 509,552</u>	<u>\$ 84,748</u>	<u>\$ 595,800</u>

See notes to the financial statements.

**THORNTON FARISH INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income	\$ 626,326
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	2,398
Bad debts	18,000
Changes in assets and liabilities:	
Deposits with clearing organizations	(102)
Fees receivable	(29,527)
Stockholder receivables	16,295
Right of use lease asset	62,163
Funds due from clearing organizations	(45,917)
Other assets	2,447
Accounts payable and other liabilities	(959)
Right of use lease liability	(62,163)
	<u>588,961</u>
Net cash provided by operating activities	<u>588,961</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from the sale of securities	105,032
Investments in marketable securities	(27,952)
	<u>77,080</u>
Net cash provided by investing activities	<u>77,080</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Dividend distributions	(606,750)
	<u>(606,750)</u>
<b>NET INCREASE IN CASH</b>	<u>59,291</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>66,234</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 125,525</u></u>

See notes to the financial statements.

**THORNTON FARISH INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Thornton Farish Inc. (the Company) is a broker-dealer registered with the Securities and Exchange Commission (SEC), a municipal advisor registered with the SEC and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is engaged in the business of brokering securities, underwriting securities issues, and remarketing securities throughout the United States of America. The Company operates primarily in the municipal securities markets. The Company clears its trades through INTL FCStone Financial Inc.

**Securities Transactions**

Customers' securities transactions are reported on a settlement-date basis with related commission income and expenses reported on a trade-date basis. Securities transactions of the Company are recorded on a trade-date basis.

**Investment Banking**

Investment banking revenues include profits and fees arising from securities offerings in which the Company acts as an underwriter or agent. Underwriting profits and fees are recognized on the closing date of the issue. Investment banking fees also include fees earned from providing financial advisory and remarketing services which are recognized when billed, generally on a quarterly basis.

**Fees Receivable**

Fees receivable in connection with remarketing contracts are recognized at net realizable value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables, if any. If determined to be uncollectible, the receivable is written off against the allowance account. Based on historical activity with these agreements, management has determined that no allowance for doubtful accounts is necessary.

**Intangible Assets**

Intangible assets subject to amortization consist of computer software. These costs are amortized on a straight-line basis. There was no amortization expense for the year ended December 31, 2019 as the intangible assets have been fully amortized.

**Property and Equipment**

Major additions to property and equipment are capitalized at cost. Maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of property and equipment disposed of are removed from the related accounts and any gain or loss is reflected in income. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets.

**THORNTON FARISH INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Income Taxes**

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be taxed as an S corporation. In lieu of corporation income taxes, the stockholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

Effective January 1, 2009, the Company accounts for uncertainty in income taxes in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*, which prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required before being recognized in the financial statements. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. As of December 31, 2019, the Company had no uncertain tax positions, or interest and penalties, which qualify for either recognition or disclosure in the financial statements.

With few exceptions, the Company is no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for years before 2016.

**Advertising**

Advertising costs are expensed as incurred. There were no advertising expenses for the year ended December 31, 2019.

**Cash and Cash Equivalents**

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less.

**Fair Value of Financial Instruments**

FASB ASC 825-10 requires disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial condition. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. FASB ASC 825-10 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements.

**THORNTON FARISH INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Investment securities: Fair values of securities are usually based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. The Company has no financial instruments that are held or issued for trading purposes.

**Investments in Marketable Securities**

The Company classifies its debt and marketable equity securities into held-to-maturity, trading, or available-for-sale categories at the time of purchase and reevaluates such determinations at each statement of financial condition date. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Debt securities for which the Company does not have the intent or ability to hold to maturity are classified as available for-sale. Marketable securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities.

Trading securities are reported at fair value, with unrealized gains and losses recognized in earnings. Available-for-sale securities are carried at fair market value, with the unrealized gains and losses, net of tax, included in the determination of comprehensive income and reported in stockholders' equity. Held-to-maturity securities are recorded as either short-term or long-term on the statement of financial condition based on the contractual maturity date and are stated at amortized cost.

In the event the fair value of an investment declines below cost basis, management is required to determine if the decline in fair value is other-than-temporary. Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to the length of time and to the extent to which the fair value has been less than cost basis, the financial condition and near-term prospects of the issuer, and the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. If it is determined that an other-than-temporary decline exists in a marketable security, the Company writes down the investment to its fair market value and records the related write-down as an investment loss in its statement of income.

The fair value of substantially all securities is determined by quoted market prices. The estimated fair value of securities for which there are no quoted market prices is based on similar types of securities that are traded in the market. Gains or losses on securities sold are based on the specific identification method.

**THORNTON FARISH INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Use of Estimates in the Preparation of Financial Statements**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Recent Accounting Pronouncements**

In February 2016, the FASB issued new guidance related to the accounting for leases ASU 2016-02 (ASC 842). The new guidance and subsequent amendments require the recognition of assets and liabilities on the balance sheet related to the rights and obligations created by lease agreements with terms greater than twelve months, regardless of whether they are classified as finance or operating leases. On January 1, 2019, the Company adopted ASU 2016-02 to comply with this FASB accounting standard. The Company primarily leases office space under operating leases and has recognized on the balance sheet all leases with terms exceeding one year, which results in the recognition of a Right of Use Asset and corresponding Lease Liability. The Right of Use Assets and Lease Liabilities were initially measured using the present value of the remaining lease payments. The Company does not currently have any leases classified as financing leases. The SEC issued a no-action letter, dated November 8, 2016, regarding the accounting treatment of the Right of Use Assets and Lease Liabilities under SEC Rule 15c3-1, the Net Capital Rule, whereby brokers-dealers may treat the recorded Right of Use Assets as allowable assets under the net capital computation, to the extent of the related operating lease liability. The adoption of the new standard did not have a material impact on the Company's reported Net Capital or operations, although a Right of Use Asset and corresponding liability was recorded at approximately \$319,585.

On August 28, 2018, the FASB issued Accounting Standards Update (ASU) 2018-13, Fair Value Measurement (Topic 820) Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. The amendments in ASU 2018-13 apply to all entities that are required, under existing U.S. generally accepted accounting principles (U.S. GAAP), to make disclosures about recurring or nonrecurring fair value measurements. The amendments in ASU 2018-13 are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company is reviewing the impact that the adoption of this ASU may have on its financial statements.

**Subsequent Events**

The Company has evaluated subsequent events through February 26, 2020 which is when the financial statements were issued. No subsequent events requiring disclosure were noted.

**THORNTON FARISH INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

---

**2. PROPERTY AND EQUIPMENT**

As of December 31, 2019, property and equipment consisted of the following:

Furniture and equipment at cost	\$ 68,512
Less accumulated depreciation	<u>(64,976)</u>
Property and equipment at depreciated cost	<u>\$ 3,536</u>

Depreciation expense totaled \$2,398 for the year ended December 31, 2019.

**3. FINANCING ARRANGEMENTS**

As of December 31, 2019, the Company had a \$25,000,000 credit facility available at Regions Bank to handle pre-sold bond issue closings. Each note bears interest at the bank's prime rate and is secured by the bonds creating each specific transaction and stockholder guarantees. As of December 31, 2019, there were no balances outstanding with respect to this credit facility.

As of December 31, 2019, the Company had a \$2,000,000 credit facility available at Regions Bank to purchase bonds for resale. Each note bears interest at the bank's prime rate and is secured by the bonds purchased and stockholder guarantees. This note amount is determined using a loan to cost ratio of 90%. As of December 31, 2019, there were no balances outstanding with respect to this credit facility.

**4. NET CAPITAL REQUIREMENT**

The Company is subject to the Securities and Exchange Commission 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 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). The Company had net capital and net capital requirements of \$250,538 and \$100,000, respectively, as of December 31, 2019. The Company's percentage of aggregate indebtedness to net capital was 1.14% as of December 31, 2019.

**5. PROFIT-SHARING PLAN**

The Company has a profit-sharing plan covering all salaried employees. Contributions to the plan are authorized by management at its discretion. The plan has received a favorable tax determination under the Internal Revenue Code. For the year ended December 31, 2019, the Company authorized a profit-sharing contribution of \$59,103.

**6. SUBORDINATED LIABILITIES**

The Company had no liabilities subordinated to the claims of general creditors as of the beginning of the year, end of the year, and during the year ended December 31, 2019.

**THORNTON FARISH INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**7. CONCENTRATIONS**

At times, the Company's cash balances in banks may exceed federally insured limits. At December 31, 2019, the Company had no uninsured cash balances. The Company has not and does not expect to experience any loss regarding these cash accounts.

**8. OPERATING LEASES**

As the Company's leases do not provide an implicit interest rate, the Company uses as its incremental borrowing rate 2.9%, as the discount rate in determining the present value of lease payments.

The Company's leases have various remaining lease terms of 1.4 to 4 years, some of which include options to extend the lease for additional terms. The exercise of lease renewal options is at the Company's discretion. Renewals to extend the lease terms are not included in the Company's Right of use asset and Lease liabilities as they are not reasonably certain of exercise. Lease expense is recognized on a straight-line basis over the term of the lease. Lease expense is included in occupancy and equipment on the Statement of Income.

The amount, timing, and cash flows arising from the Company's operating lease obligations at December 31, 2019 were as follows:

Future minimum rental payments under this agreements are as follows:

Components of operating lease expense:	
Lease expense (lease payments)	\$ 74,115
Other information:	
Weighted-average remaining lease term	3.85 years
Weighted-average discount rate	2.9%
Minimum future lease payments under operating leases:	
2020	74,038
2021	70,666
2022	64,574
2023	65,543
2024	2,350
Thereafter	-
Total undiscounted operating lease payments	<u>277,171</u>
Less: Imputed interest	<u>(19,749)</u>
Present value of operating lease liabilities at December 31, 2019	257,422
Cash paid for amounts included in the measurement of lease liabilities	62,163
Initial right-of-use asset recognized January 1, 2019	<u>\$ 319,585</u>

**9. RELATED PARTY TRANSACTIONS**

The Company has receivables from certain stockholders. These receivables have no specific repayment terms and bear no interest. It is the intent of these stockholders to repay these receivables and, therefore, no allowance has been recorded for these receivables.

**SUPPLEMENTAL INFORMATION**

**THORNTON FARISH INC.  
SCHEDULE I  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2019**

Total qualified ownership equity		\$ 595,800
Other allowable credits	\$ -	
Total capital and allowable subordinated liabilities		595,800
Nonallowable assets	345,262	
Total deductions and/or charges		345,262
Net capital before haircuts on securities positions		250,538
Haircuts on securities (computed, where applicable, pursuant to Rule 15c3-1(f)):		
Trading and investment securities:		
Marketable securities	-	
Other securities	-	
Total haircuts		-
Net capital		\$ 250,538

Note: There are no material differences between the preceding computation and the Company's corresponding unaudited part II of Form X-17A-5 as of December 31, 2019, as amended on February 26, 2020.

See accompanying report of the independent registered public accounting firm.

**THORNTON FARISH INC.**  
**SCHEDULE II**  
**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2019**

---

Minimum net capital requirement	<u>\$ 190</u>
Minimum dollar net capital requirement of reporting broker	<u>\$ 100,000</u>
Greater of above amounts	<u>\$ 100,000</u>
Excess net capital	<u>\$ 150,538</u>
Excess net capital at 1.500%	<u>\$ 250,110</u>
Excess net capital at 1.000%	<u>\$ 250,252</u>

**COMPUTATION OF AGGREGATE INDEBTEDNESS UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**AS OF DECEMBER 31, 2019**

Total aggregate indebtedness	<u>\$ 2,856</u>
Percentage of aggregate indebtedness to net capital	<u>1.14%</u>

Note: There are no material differences between the preceding computation and the Company's corresponding unaudited part II of Form X-17A-5 as of December 31, 2019, as amended on February 26, 2020.

See accompanying report of the independent registered public accounting firm.

**THORNTON FARISH INC.**  
**SCHEDULE III**  
**INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS**  
**UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2019**

---

State the market valuation and the number of items of:

Customers' fully paid securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date) but for which the required action was not taken by respondent within the time frames specified under Rule 15c3-3

Number of items

NONE

Customers' fully paid securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3

Number of items

NONE

See accompanying report of the independent registered public accounting firm.

**THORNTON FARISH INC. EXEMPTION REPORT FOR CLAIMING AN EXEMPTION  
PURSUANT TO RULE 15C3-3**

## THORNTON FARISH INC.'S EXEMPTION REPORT

Thornton Farish Inc. (the "Company") 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 Company states the following:

The Company 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)(ii) (all customer transactions are cleared through another broker-dealer on a fully disclosed basis) and

The Company met the identified exemption provisions in 17 C.F.R. §240.15c3-3(k) throughout the period from January 1, 2019 through December 31, 2019 without exception.

THORNTON FARISH INC.

I, Scott W. Bamman, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.



Scott W. Bamman  
President

February 26, 2020

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors  
Thornton Farish Inc.

We have reviewed management's statements, included in the accompanying Thornton Farish Inc. Exemption Report, in which (1) Thornton Farish Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Thornton Farish Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: (2)(ii) (the "exemption provisions") and (2) Thornton Farish Inc. stated that Thornton Farish Inc. met the identified exemption provisions for the period from January 1, 2019 through December 31, 2019 without exception. Thornton Farish Inc.'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 Thornton Farish Inc.'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)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Warren Averett, LLC*

Montgomery, Alabama  
February 26, 2020