

BROKER DEALER
**ANNUAL AUDITED
FINANCIAL STATEMENT**
— *COMPLIANCE CHECKLIST* —



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& ASSOCIATES

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ASSISTS BROKER DEALERS AND REGISTERED INVESTMENT ADVISERS ACROSS THE UNITED STATES WITH ALL OF THEIR COMPLIANCE NEEDS

Our firm was founded by Steven L. Thornton who is a former NASD (now FINRA) examiner. We strive to provide customized regulatory and compliance services to FINRA member broker dealers and SEC/State Registered Investment Advisers at a fair and reasonable cost.

"At Thornton & Associates, we understand the difficulties that broker dealers and RIAs encounter as they try to run and grow their business while simultaneously maintaining compliance with SEC, state, and FINRA rules and regulations. That is why all of our compliance services are customized to fit your particular firm's needs."

"With decades of experience, our seasoned staff stands ready to service your BD/RIA compliance, FinOp, and Anti-Money Laundering needs."



Steven L. Thornton
President



THORNTON & ASSOCIATES

The following is a checklist to assist you in the completion of your regulatory and compliance obligations for the annual PCAOB Certified Audit (Audit) of your firm's financial statements.

The information provided in this brochure is a generic guide. Please contact your CPA or TAA for the specific filing requirements for your firm.

step
1



Final Audit Report - items:

The following items must be included in your Audit.

(NOTE: **March 2, 2020** is the due date for broker dealers with a 12/31 fiscal year end.)

- ☐ 1. TITLE PAGE
- ☐ 2. TABLE OF CONTENTS
- ☐ 3. FACING PAGE - X-17A-5 - (Must be notarized by the same person who signs the Exemption Provision Assertion page. Only the PFO/FinOp or a registered principal are permitted to sign. The OMB expiration date must be subsequent to the audit date.)
- ☐ 4. CPA OPINION LETTER - (Must include auditor tenure statement.)
- ☐ 5. BALANCE SHEET - OR STATEMENT OF FINANCIAL CONDITION
- ☐ 6. INCOME STATEMENT - FISCAL YEAR
- ☐ 7. STATEMENT OF CHANGES IN EQUITY
- ☐ 8. STATEMENT OF CASH FLOW
- ☐ 9. FOOTNOTES TO THE FINANCIAL STATEMENTS - (Must include Rule "606" Revenue Recognition and Operating Lease Accounting Standard.)
- ☐ 10. NET CAPITAL COMPUTATION - (Schedule I)
- ☐ 11. DETERMINATION OF RESERVE REQUIREMENTS - (Schedule II)
- ☐ 12. INFORMATION RELATING TO POSSESSION OR CONTROL - (Schedule III)
- ☐ 13. EXEMPTION PROVISION ASSERTION - (Signed by same person who signed the Facing Page.)
- ☐ 14. REPORT OF INDEPENDENT PUBLIC ACCOUNTANT - LETTER
- ☐ 15. RECONCILIATION OF DIFFERENCES BETWEEN 12/31 FOCUS AND AUDITED FINANCIALS



step
2

SUBMIT A DIGITAL COPY OF THE AUDIT TO FINRA/SIPC

Upload a complete **DIGITAL COPY** of all documents listed in **Step 1** to **FINRA Firm Gateway**. (NOTE: As of 9/1/17, FINRA member BDs are no longer required to email a copy of the Audit to SIPC. As of this date, SIPC will obtain their copy through the FINRA Gateway. Retain submission page for your records.)

step
3



MAIL A COPY OF THE AUDIT TO THE SEC

Mail one **HARD COPY** of all of the documents listed in Step 1 to the SEC Washington, DC headquarters office. (NOTE: Must be **received by March 2, 2020**.)

Address:

➤ **Securities & Exchange Commission** | Division of Trading and Markets
Mail Stop 7010, 100 F Street, NE
Washington, DC 20549

NOTE: **PUBLIC COPY**

The SEC posts all broker dealer audits to their website and makes them publicly available. Your firm can either have the full Audit report posted or a redacted version.

To have the redacted Audit posted to the SEC's website, the firm must mail the SEC one full hard copy of the Audit **and** a second copy that includes the following:

- Title Page that has "**PUBLIC COPY**" clearly written on it
- A separate notarized Facing Page that is specific to the "PUBLIC COPY". The firm must ensure that only the boxes next to the documents that are included in the redacted "PUBLIC COPY" are marked on page 2 of the Facing Page.
- An updated Table of Contents that only reflects the items included in the redacted "PUBLIC COPY" of the Audit
- The Report of Independent Public Accountant
- The 12/31 Balance Sheet also known as the Statement of Financial Condition
- The Footnotes to the Financial Statements

Mail both the full copy of the Audit and the "PUBLIC COPY" to the address listed above.



SECURITIES & EXCHANGE COMMISSION LOCAL FILING

Mail one complete **HARD COPY** of the Audit to your local Securities & Exchange Commission office.

Addresses listed below:

- **ATLANTA REGIONAL OFFICE**
950 East Paces Ferry, N.E. | Suite 900
Atlanta, GA 30326 | 404.842.7600
Georgia, North Carolina, South Carolina, Tennessee, and Alabama
- **BOSTON REGIONAL OFFICE**
33 Arch Street | 24th Floor
Boston, MA 02110 | 617.573.8900
Connecticut, Maine, Massachusetts, New Hampshire, Vermont, and Rhode Island
- **CHICAGO REGIONAL OFFICE**
175 W. Jackson Boulevard | Suite 1450
Chicago, IL 60604 | 312.353.7390
Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Ohio, and Wisconsin
- **DENVER REGIONAL OFFICE**
1961 Stout Street | Suite 1700
Denver, CO 80294 | 303.844.1000
Colorado, Kansas, Nebraska, New Mexico, North Dakota, South Dakota, and Wyoming
- **FORT WORTH REGIONAL OFFICE**
801 Cherry Street | Suite 1900, Unit 18
Fort Worth, TX 76102 | 817.978.3821
Texas, Oklahoma, Arkansas, and Kansas
- **LOS ANGELES REGIONAL OFFICE**
444 South Flower Street | Suite 900
Los Angeles, CA 90071 | 323.965.3998
Arizona, Hawaii, Guam, Nevada, and Southern California
- **MIAMI REGIONAL OFFICE**
801 Brickell Ave. | Suite 1800
Miami, FL 33131 | 305.982.6300
Florida, Mississippi, Louisiana, U.S. Virgin Islands, and Puerto Rico
- **NEW YORK REGIONAL OFFICE**
200 Vesey Street | Suite 400
New York, NY 10281 | 212.336.1100
New York and New Jersey
- **PHILADELPHIA REGIONAL OFFICE**
1617 JFK Boulevard | Suite 520
Philadelphia, PA 19103 | 215.597.3100
Delaware, Maryland, Pennsylvania, Virginia, West Virginia, and District of Columbia
- **SALT LAKE REGIONAL OFFICE**
351 S. West Temple St. | Suite 6.100
Salt Lake City, UT 84101 | 801.524.5796
Utah
- **SAN FRANCISCO REGIONAL OFFICE**
44 Montgomery Street | Suite 2800
San Francisco, CA 94104 | 415.705.2500
Washington, Oregon, Alaska, Montana, Idaho, and Northern California



EMAIL THE SIPC RECONCILIATION REPORT

If the 2019 gross revenue is **GREATER** than \$500,000 email a scanned copy of the "Independent Accountants' Report on Applying Agreed-Upon Procedures Related to an Entities SIPC Assessment Reconciliation" (i.e., SIPC 7 filing reconciliation pursuant to SEA Rule 17a-5(e)(4)) to: **form@sipc.org** (NOTE: If gross revenue is less than \$500,000 please skip this step).



step 6

STATE FILINGS

Verify if the states you are registered in require a hard copy of your audit. For example, the states of Arizona, Hawaii, Louisiana, and New Hampshire require filings to be mailed separately. Your firm must verify with the states that you are registered with if separate filings/hard copies are required.

step 7

UPDATE 12/31 FOCUS

The firm must update and amend its **12/31/19 FOCUS** filing to ensure that the FOCUS filing matches the Audit, if any adjustments were made.

step 8

FILE SCHEDULE I

Although the Schedule I is not part of the PCAOB Audited Financial Statement process, this is a reminder that the Schedule I is due on 1/27/20.

(NOTE: Per SEA Rule 17a-5(f)(2), the firm should ensure that the Statement Regarding Independent Public Accountant filing is made by 12/10/19 should the firm change it's CPA for the Annual Audit.)





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WHAT WE CAN DO FOR **YOU**



COMPLIANCE CONSULTING

Thornton & Associates provides compliance consulting services to FINRA BD's and RIAs. Whether it's WSPs, CRD filings, rule research, or a comprehensive compliance solution; our team of experts can provide your Compliance Department with the support it needs.



FINOP SERVICES

We provide FinOp registration as well as FOCUS/SSOI services to broker dealers. With decades of experience, our team has the tools, resources & experience to ensure that your financial filings are timely and accurate.



AML TESTING

Our Anti-Money Laundering services include independent Anti-Money Laundering testing, AML training and written supervisory procedures at a reasonable cost.



**THE EXPERTISE
YOU NEED
THE EXPERIENCE
YOU TRUST**

Thornton & Associates, LLC
3452 E. Foothill Blvd, Suite 800
Pasadena, CA 91107



thorntonandassociates.com | 877.542.6759 | info@thorntonandassociates.com