

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

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

SEC FILE NUMBER  
**8-67673**

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 07/01/09 AND ENDING 06/30/10  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **COLONNADE SECURITIES LLC**

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

125 S. Wacker Drive Suite 3020

(No. and Street)

Chicago

(City)

Illinois

(State)

60606

(Zip Code)

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

Stuart Miller

312-425-8145

(Area Code- Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Trimarco, Radencich, Schwartz & Mrazek, LLC

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

1775 Legacy Circle

(Address)

Naperville

(City)

Illinois

(State)

60563

(Zip Code)

CHECK ONE:

- Certified Public Accountant  
 Public Accountant  
 Accountant not resident in United States or any of its possessions.

SECURITIES AND EXCHANGE COMMISSION  
**RECEIVED**  
SEP 02 2010  
BRANCH OF REGISTRATIONS  
AND  
EXAMINATIONS

FOR OFFICIAL USE ONLY

04

EXAMINATIONS

\*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)

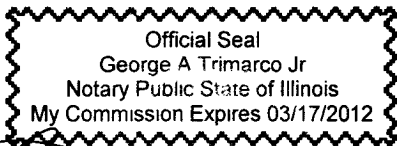
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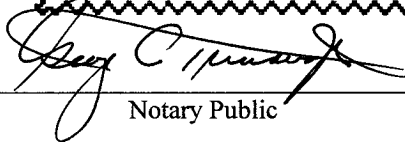
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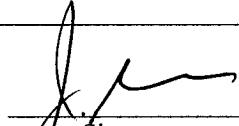
OATH OR AFFIRMATION

I, John Stuart Miller, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Colonnade. Securities LLC, as of June 30, 2010, 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:

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



  
\_\_\_\_\_  
Notary Public

  
\_\_\_\_\_  
Signature  
**Chief Financial 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 Cash Flows
- (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.
- (o) Independent Auditors Report on Internal Control Structure.

*\*\*For conditions of confidential treatment of certain portions or this filing, see section 240. 17a-5(e)(3).*

**COLONNADE SECURITIES LLC  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

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To the Member of  
Colonnade Securities LLC  
Chicago, Illinois

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of financial condition of Colonnade Securities LLC as of June 30, 2010, and the related statements of income, changes in member's equity and cash flows for the year 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 audit.

We conducted our audit in accordance with the 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 audit provides 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 Colonnade Securities LLC as of June 30, 2010, 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.

Our audit was conducted for the purpose of expressing an opinion on the basic financial statements taken as a whole. The supplementary information on pages 9-10 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.

*Trimarco, Radencich, Schwartz & Mrazek LLC*  
Trimarco, Radencich, Schwartz & Mrazek, LLC

July 21, 2010  
Naperville, Illinois

**COLONNADE SECURITIES LLC  
STATEMENT OF FINANCIAL CONDITION  
JUNE 30, 2010**

**ASSETS**

Cash	\$ <u>50,170</u>
Total assets	\$ <u><u>50,170</u></u>

**MEMBER'S EQUITY**

Total member's equity	\$ <u><u>50,170</u></u>
-----------------------	-------------------------

See notes to financial statements.

**COLONNADE SECURITIES LLC  
STATEMENT OF INCOME  
YEAR ENDED JUNE 30, 2010**

Revenues:

Fees

\$ 2,216,568

Total revenues

\$ 2,216,568

Expenses:

Occupancy expenses

38,283

Other operating expenses

31,672

Total expenses

69,955

Net income

\$ 2,146,613

See notes to financial statements.

**COLONNADE SECURITIES LLC  
STATEMENT OF CHANGES IN MEMBER'S EQUITY  
YEAR ENDED JUNE 30, 2010**

Balance at beginning of year	\$ 43,557
Net income	2,146,613
Capital contribution	25,000
Distributions to member	<u>(2,165,000)</u>
Balance at end of year	<u>\$ 50,170</u>

See notes to financial statements.

**COLONNADE SECURITIES LLC  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2010**

Cash flows from operating activities:		
Net income	\$ <u>2,146,613</u>	
Net cash provided by operating activities		\$ 2,146,613
Cash flows from financing activities:		
Capital contribution from member	25,000	
Distributions paid to member	<u>(2,165,000)</u>	
Net cash used by financing activities		<u>(2,140,000)</u>
Net increase in cash		6,613
Cash at beginning of year		<u>43,557</u>
Cash at end of year		<u><u>\$ 50,170</u></u>

See notes to financial statements.



**COLONNADE SECURITIES LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

The Company is a broker dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is a Delaware limited liability company organized in August 2002 and is a wholly owned subsidiary of Colonnade Advisors LLC. The Company provides merger and acquisition advisory services for companies throughout the country.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Revenue Recognition**

Advisory fees are recognized when earned.

**Cash Equivalents**

For purposes of the statement of cash flows, the Company considers all short-term debt securities with an original maturity of six months or less to be cash equivalents.

**Accounts Receivable**

The Company grants credit to its customers and generally requires no collateral. Accounts receivable are reported at their outstanding balances reduced by the allowance for doubtful accounts, if any.

The allowance for doubtful accounts is increased by charges to income and decreased by chargeoffs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Company's past collection experience, known and inherent risks of the customer comprising the Company's accounts receivable balance, adverse situations that may affect the customer's ability to pay, and the current economic conditions. Accounts receivable are charged off when management deems the accounts receivable balance to be uncollectible.

Based on review of the accounts receivable, management determined that an allowance for doubtful accounts was not necessary at June 30, 2010.

**Income Taxes**

The Company is a single member limited liability company, and, therefore, the Company income is taxable to the member. Accordingly, no provision has been made for income taxes.

**COLONNADE SECURITIES LLC  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 2. NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1). Under this rule, the Company is required to maintain "minimum net capital" equivalent to \$5,000 or 6 2/3% of "aggregate indebtedness", whichever is greater, as these terms are defined. At June 30, 2010, the Company had net capital of \$50,170 which was \$45,170 in excess of its required net capital of \$5,000. The Company's net capital ratio was 0.000 to 1.0.

**NOTE 3. RELATED PARTY TRANSACTIONS**

The Company has an expense sharing agreement with its member. During the year ended June 30, 2010, the member provided office space and various administrative and operating services to the Company for which they were paid \$38,283.

**NOTE 4. CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of bank balances in excess of Federal Deposit Insurance Corporation limits and accounts receivable.

The Company occasionally maintains bank balances in excess of federally insured limits. The Company has not experienced any losses on such accounts.

**NOTE 5. CONCENTRATIONS**

In the year ended June 30, 2010, the Company had 4 clients that accounted for approximately 86% of revenues.

**NOTE 6. MEMBER'S LIABILITY, INTERESTS, RIGHTS, PREFERENCES AND PRIVILEGES**

The Company is a Delaware limited liability company established August 2002, with a term that is perpetual. The Company's operating agreement specifies the following information relating to its members:

- Member's liability limitation
- Rights and obligations of members
- Member's contributions to the company and capital accounts
- Allocations, income tax, distributions, elections and reports of members
- Transferability and redemption of member's interests
- Additional members

**COLONNADE SECURITIES LLC  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 7. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts reflected in the balance sheet for cash and equivalents approximate their respective fair value based on the short term nature of these instruments.

**NOTE 8. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 21, 2010, the date the statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

COLONNADE SECURITIES LLC

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION

AS OF JUNE 30, 2010

Total member's equity qualified for net capital	\$ 50,170
Deductions:	
Non-allowable assets:	-
Other deductions	<u>-</u>
Net capital before haircuts on securities positions	50,170
Haircuts on securities	<u>-</u>
Net capital	<u>\$ 50,170</u>

Computation of Basic Net Capital Requirement

Minimum net capital required (6-2/3% of A.I.)	<u>\$ -</u>
Minimum dollar net capital requirement	<u>\$ 5,000</u>
Net capital requirement	<u>\$ 5,000</u>
Excess net capital	<u>\$ 45,170</u>

Computation of Aggregate Indebtedness

Total aggregate indebtedness liabilities	<u>\$ -</u>
Ratio: Aggregate indebtedness to net capital	<u>-</u>

Note: There are no material differences between the above computations and the Company's corresponding unaudited Focus - Part II filing.

**COLONNADE SECURITIES LLC**  
**EXEMPTIVE PROVISIONS UNDER RULE 15c3-3**  
**AS OF JUNE 30, 2010**

The Company is exempt from the provisions of Rule 15c3-3 of the Securities Exchange Act of 1934 under Section (k)(2)(i) of that rule.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL**



To the Member of  
Colonnade Securities LLC  
Chicago, Illinois

### **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL**

In planning and performing our audit of the financial statements of Colonnade Securities LLC ("Company") for the year ended June 30, 2010, we considered its internal control, 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 internal control.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have 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 Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 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 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
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customer as required by Rule 15c3-3

The management of the Company is responsible for establishing and maintaining internal control 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 U.S. generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.



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 one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by 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 June 30, 2010 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies which 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.

*Trimarco, Radencich, Schwartz & Mrazek LLC*  
Trimarco, Radencich, Schwartz & Mrazek, LLC

July 21, 2010  
Naperville, Illinois

**INDEPENDENT AUDITORS' REPORT ON APPLYING AGREED-UPON PROCEDURES  
RELATED TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION**



Member of  
Colonnade Securities LLC  
Chicago, IL

**INDEPENDENT AUDITORS' REPORT ON APPLYING AGREED-UPON PROCEDURES RELATED TO  
AN ENTITY'S SIPC ASSESSMENT RECONCILIATION**

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the period of July 1, 2009 to June 30, 2010, which were agreed to by Colonnade Securities LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Colonnade Securities LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Colonnade Securities LLC's management is responsible for Colonnade Securities LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries noting no differences.
2. Compared the Total Revenue amounts of the audited Form X-17A-5 for the year ended June 30, 2010 with the amounts reported in Form SIPC-7 for the period from July 1, 2009 to June 30, 2010.
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences.
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

*Trimarco, Radencich, Schwartz & Mrazek LLC*  
Trimarco, Radencich, Schwartz & Mrazek, LLC

July 21, 2010  
Naperville, Illinois

**COLONNADE SECURITIES LLC  
SIPC-7 GENERAL ASSESSMENT RECONCILIATION  
FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2010**

General assessment	\$ 5,541
Less payment made with SIPC-6	(4,479)
Less payment made with SIPC-7	<u>(1,062)</u>
Total assessment balance due	<u>\$ -</u>
Total revenue	\$ 2,216,568
Additions	-
Deductions	<u>-</u>
SIPC Net Operating Revenues	<u>\$ 2,216,568</u>
General Assessment @ .0025	<u>\$ 5,541</u>