

MILLER BUCKFIRE & CO., LLC

Statement of Financial Condition

December 31, 2016

(With Report of Independent Registered Public Accounting Firm)

(This Statement of Financial Condition was filed pursuant to Rule 17a-5(e)(3) as a public document.)

MILLER BUCKFIRE & CO., LLC

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Report of Independent Registered Public Accounting Firm

The Board of Directors
Miller Buckfire & Co., LLC

We have audited the accompanying statement of financial condition of Miller Buckfire & Co., LLC (the Company) as of December 31, 2016. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this 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 statement of financial condition is 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 statement of financial condition referred to above presents fairly, in all material respects, the financial position of Miller Buckfire & Co., LLC at December 31, 2016, in conformity with U.S. generally accepted accounting principles.



February 28, 2017

MILLER BUCKFIRE & CO., LLC
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December 31, 2016

(in thousands)

Assets		
Cash and cash equivalents	\$	19,046
Accounts receivable, net of allowance for doubtful accounts of \$500		2,475
Fixed assets, net		568
Due from affiliate		383
Other assets		183
Total assets	\$	22,655
Liabilities and member's capital		
Accrued compensation	\$	4,358
Accounts payable and accrued expenses		643
Due to Parent and affiliate		663
Total liabilities		5,664
Member's capital		16,991
Total liabilities and member's capital	\$	22,655

See accompanying Notes to Statement of Financial Condition.

MILLER BUCKFIRE & CO., LLC
Notes to Statement of Financial Condition
December 31, 2016

NOTE 1 – Nature of Operations and Basis of Presentation

Nature of Operations

Miller Buckfire & Co., LLC (the “Company”) is an investment banking firm that provides strategic and advisory services, focusing on restructuring transactions, mergers and acquisitions, and financings. The Company is a wholly-owned subsidiary of MB Advisory Group, LLC (“MB Advisory”), who is a wholly-owned subsidiary of Stifel Financial Corp (the “Parent”). The Company is a registered broker-dealer under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”).

Basis of Presentation

The accompanying statement of financial condition has been prepared in conformity with U.S. generally accepted accounting principles, which require management to make certain estimates and assumptions that affect the reported amounts. Actual results could differ from those estimates.

NOTE 2 – Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash equivalents include investments with an original maturity of three months or less and money market mutual funds to be cash equivalents.

Accounts Receivable, Net

Receivables are stated net of an allowance for doubtful accounts. The estimate for the allowance for doubtful accounts is derived by the Company by utilizing past client transaction history and an assessment of the client’s creditworthiness.

Fixed Assets

Furniture and fixtures are carried at cost and depreciated on a straight line basis using estimated useful lives of the related assets, generally two to five years. Leasehold improvements are amortized on a straight line basis over the lesser of the economic useful life of the improvement or the term of the respective leases.

Stock-Based Compensation

Employees of the Company are eligible to participate in an incentive stock plan sponsored by Parent that provides for the granting of stock units and debentures. See Note 5 for a further discussion of stock-based compensation.

Income Taxes

As a single member limited liability company, the Company is not directly liable for income taxes. The Company’s income was, however, reportable by the Parent during the year ended December 31, 2016. Accordingly, the federal and state income taxes payable by the Parent have not been reflected in the accompanying statement of financial condition.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

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NOTE 3 – Fixed Assets

The following is a summary of fixed assets as of December 31, 2016 (*in thousands*):

Furniture and other equipment	\$ 677
Leasehold improvements	400
	<u>1,077</u>
Less accumulated depreciation and amortization	(509)
Fixed assets, net	\$ 568

NOTE 4 – Employee Incentive, Stock-Based Compensation, and Retirement Plans

Our employees participate in the Stifel Financial Corp. Wealth Accumulation Plan, as restated, (the “Wealth Accumulation Plan”) that provides for the granting of stock options, stock appreciation rights, restricted stock, performance awards, stock units, and debentures to its employees. Awards under the Plan are granted at market value at the date of grant. The awards generally vest ratably over a three-to eight year vesting period. In addition, our employees participate in a defined contribution plan sponsored by the Parent.

All stock-based compensation plans are administered by the Compensation Committee of the Board of Directors of the Parent, which has the authority to interpret the plans, determine to whom awards may be granted under the plans, and determine the terms of each award.

Deferred Compensation Plan

The Wealth Accumulation Plan is provided to certain revenue producers, officers, and key administrative employees, whereby a certain percentage of their incentive compensation is deferred as defined by the Plan into stock units and debentures of the Parent. Participants may elect to defer a portion of their incentive compensation. Deferred awards generally vest over a three-to eight year period and are distributable upon vesting or at future specified dates. Deferred compensation costs are amortized on a straight-line basis over the vesting period. Elective deferrals are 100% vested.

Employee Profit Sharing Plan

Eligible employees of the Company who have met certain service requirements may participate in the Stifel Financial Profit Sharing 401(k) Plan (the “Plan”). Employees are permitted within limitations imposed by tax law to make pre-tax contributions to the Plan. We may match certain employee contributions or make additional contributions to the Plan at the discretion of the Parent.

NOTE 5 – Related Party Transactions

At December 31, 2016, due from affiliate consists primarily of amounts due the Company for the collection of investment banking fees, offset by operating expenses that were paid on the Company’s behalf by the affiliate.

At December 31, 2016, due to Parent and affiliate consists primarily of stock-based compensation due to the Parent that is paid upon conversion of stock units and debentures and operating expenses that were paid on the Company’s behalf by the affiliate.

During the year ended December 31, 2016, the Company authorized and paid \$0.4 million in dividends to MB Advisory Group, LLC.

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NOTE 6 – Commitments, Guarantees, and Contingencies

Concentration of Credit Risk

At December 31, 2016, \$1.4 million was due from these customers and is included in accounts receivable, net in the statement of financial condition. At December 31, 2016, three customers each exceeded 10% of the receivable amount.

NOTE 7 – Regulatory Capital Requirements

The Company operates in a highly regulated environment and is subject to net capital requirements. A broker-dealer that fails to comply with the SEC's Uniform Net Capital Rule (Rule 15c3-1) may be subject to disciplinary actions by the SEC and self-regulatory organizations, such as FINRA, including censures, fines, suspension, or expulsion. The Company calculates its net capital under the aggregate indebtedness method whereby it is required to maintain minimum net capital (as defined), equal to the greater of one hundred thousand dollars or 6 2/3% of aggregate indebtedness (as defined). The Company is not allowed to distribute equity capital or pay cash dividends to the Parent if resulting net capital would be less than 120% of its minimum net capital (as defined). At December 31, 2016, the Company had net capital of \$13.4 million, which was \$13.0 million in excess of the Company's minimum required net capital of \$0.4 million, and aggregate indebtedness was 42.3% of net capital.

NOTE 8 – Subsequent Events

The Company evaluates subsequent events that have occurred after the statement of financial condition date but before the financial statements are available to be issued. There are two types of subsequent events: (1) recognized, or those that provide additional evidence about conditions that existed at the date of the statement of financial condition, including the estimates inherent in the process of preparing financial statements, and (2) non-recognized, or those that provide evidence about conditions that did not exist at the date of the statement of financial condition but arose after that date. The Company has evaluated subsequent events through February 28, 2017, the date the accompanying statement of financial condition was available to be issued. Based on the evaluation, the Company did not identify any recognized subsequent events that required adjustment to the statement of financial condition.
