

Clarkeson Research, Inc.
Report Pursuant to Rule 17a-5 (d)
Financial Statements
For the Year Ended December 31, 2016

CLARKESON RESEARCH, INC.
TABLE OF CONTENTS
December 31, 2016

	Page
Facing Page to Form X-17 A-5	1
Affirmation	2
Report of Independent Registered Public Accounting Firm	3
Financial Statements	
Statement of Financial Condition	4
Statement of Operations	5
Statement of Changes in Stockholder's Equity	6
Statement of Cash Flows	7
Notes to Financial Statements	8-11
Supplemental Information Required by Rule 17a-5 of the Securities and Exchange Commission	
Schedule I - Computation of Net Capital for Brokers and Dealers Under SEC Rule 15c3-1	12
Schedule II - Reconciliation of Net Capital Per FOCUS Report with Audit Report	13
Schedule III - Information Relating to Possession or Control Requirements Under SEC Rule 15c3-3	14
Schedule IV - Computation for Determination of the Reserve Requirements Under SEC Rule 15c3-3	15
Report on Exemption Provision for a Broker-Dealer Claiming Exemption From SEC Rule 15c3-3	16-17

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

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

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	May 31, 2017
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8-67612

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 01/01/16 AND ENDING 12/31/16
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Clarkeson Research, Inc.

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

19 Townsend Square

(No. and Street)

Oyster Bay,

NY

11771

(City)

(State)

(Zip Code)

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

Steven C. Bender

(646) 290-7248

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Breard & Associates, Inc., Certified Public Accountants

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

9221 Corbin Avenue, Suite 170

Northridge

CA

91324

(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)

OATH OR AFFIRMATION

I, Brian Bornstein, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Clarkeson Research, Inc., as of December 31, 20 16, 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:


Signature
Managing Director
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).**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

Christopher James Morabito
Notary Public, State of New York
No. 01M06236142
Qualified in Nassau County 2019
Commission Expires February 22, 2019

State of New York
County of Nassau

Subscribed and sworn to (or affirmed) before me on this 10th day of February, 2017 by Brian Bornstein proved to me on the basis of satisfactory evidences to be the person who appeared before me.

Notary Public 

Report of Independent Registered Public Accounting Firm

Board of Directors
Clarkeson Research, Inc.:

We have audited the accompanying statement of financial condition of Clarkeson Research, Inc. (the Company) as of December 31, 2016, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended. 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 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 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 Clarkeson Research, Inc. as of December 31, 2016, 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.

The information contained in Schedule I, II, III and IV (supplemental information) has been subjected to audit procedures performed in conjunction with the audit of Clarkeson Research, Inc. financial statements. The supplemental information is the responsibility of Clarkeson Research, 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, Schedules I, II, III and IV are fairly stated, in all material respects, in relation to the financial statements as a whole.



Breard & Associates, Inc.
Certified Public Accountants

New York, New York
February 10, 2017

CLARKESON RESEARCH, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2016

ASSETS

Current assets

Cash and cash equivalents	\$ 3,948
Clearing deposit	250,000
Prepaid expenses	<u>1,580</u>
Total current assets	<u>255,528</u>

TOTAL ASSETS

\$ 255,528

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities

Accounts payable and accrued expenses	\$ 8,064
Total liabilities	<u>8,064</u>

STOCKHOLDER'S EQUITY

Common Stock (100 shares authorized; 100 shares issued and outstanding; \$1 par value)	100
Additional paid-in capital	813,575
Retained Earnings	<u>(566,211)</u>
TOTAL STOCKHOLDER'S EQUITY	<u>247,464</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 255,528</u>

CLARKESON RESEARCH, INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

Revenue

Commissions	\$ 242,600
Other income	7
Total Revenue	<u>242,607</u>

Expenses

Employee compensation and benefits	134,207
Clearing fees	24,260
Professional fees	36,609
Communication and data processing	72,375
Occupancy	29,250
Regulatory expenses	4,643
Other operating expenses	9,757
Total Expenses	<u>311,101</u>

Net Income (Loss)	<u>\$ (68,494)</u>
--------------------------	---------------------------

CLARKESON RESEARCH, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

	Number of Shares Outstanding	Amount	Paid-In Capital	Retained Earnings	Total Stockholder's Equity
Balance at January 1, 2016	100	\$ 100	\$ 621,373	\$ (497,717)	\$ 123,756
Net Income (Loss)		-	-	(68,494)	(68,494)
Paid-In Capital		-	192,202		192,202
Balance at December 31, 2016	100	<u>\$ 100</u>	<u>\$ 813,575</u>	<u>\$ (566,211)</u>	<u>\$ 247,464</u>

The accompanying notes are an integral part of these financial statements.

CLARKESON RESEARCH, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

Cash flows from operating activities:

Net Income (Loss)	\$ (68,494)
Adjustments to reconcile net income to net cash flows used in operating activities:	
(Increase) decrease in operating assets:	
Clearing deposit	5,283
Prepaid expenses	82
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(2,373)
Due to Parent	54,675
Total adjustments	<u>57,667</u>
Net cash provided by (used in) operating activities	<u><u>(10,827)</u></u>

Cash flows from financing activities:

Proceeds from additional paid-in capital	<u>10,025</u>
Net cash used by financing activities	<u><u>10,025</u></u>

Net increase in cash and cash equivalents (802)

Cash and cash equivalents, January 1, 2016 4,750

Cash and cash equivalents, end of year \$ 3,948

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest expense	<u>\$ -</u>
Income taxes	<u><u>\$ -</u></u>

Noncash investing and financing activities:

Expenses paid by stockholder on behalf of Company included as additional paid-in capital	<u><u>\$ 182,177</u></u>
--	--------------------------

CLARKESON RESEARCH, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. ORGANIZATION AND NATURE OF BUSINESS:

Business

On August 19, 2009, a shares purchase agreement was entered into between Bellatore, LLC and Clarkeson Research Group Inc. (the "Parent"). Bellatore LLC owned 100% of the stock of Bellatore Securities, Inc. a registered broker-dealer pursuant to section 15 of the Securities Exchange Act of 1934. Bellatore Securities applied for a change of control with the Financial Industry Regulatory Authority ("FINRA") which was approved on October 1, 2009. In September 2009, a Board resolution was adopted under the laws of the State of Delaware and Bellatore Securities, Inc. changed its name to Clarkeson Research Inc. (the "Company"). The Company is a whole-owned subsidiary of Clarkeson Research Group, Inc. ("Parent") and remains a registered broker dealer. It is authorized to engage in transactions in listed and over-the-counter corporate equities securities, corporate debt securities, mutual funds, government securities and municipal securities. The Company introduces its accounts on a fully-disclosed basis. The Company began operations in May 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

Commissions

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

Income Taxes

The Company, with the consent of its Parent, has elected under the Internal Revenue Code to be an S corporation. The Company has also elected S corporation status in New York State. As an S corporation, the Company is not liable for federal income tax. Instead, the taxable income or loss is allocated and taxable to the Parent. Accordingly, no provision for federal income tax has been reflected in the accompanying financial statements. The Company does not file federal and New York State income tax returns. Its operations are included in the consolidated returns of its Parent.

CLARKESON RESEARCH, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with GAAP 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 these estimates.

3. CONCENTRATIONS OF CREDIT RISK

In the normal course of business, the Company maintains its cash balances in one financial institution which does not exceed federally insured limits. The Company is not subject to credit risk should the financial institution be unable to fulfill its obligations. The Company has not experienced any losses in such accounts. Management monitors the financial condition of the financial institution and does not anticipate any losses from this counterparty.

4. RELATED PARTY TRANSACTIONS

Parent

In August 2012, the Company entered into a service agreement with its Parent for its share of office space as well as other operational activities provided. The agreement expires in 2017. For the year ended December 31, 2016, rental and operational expenses amounted to \$29,250 and \$84,375 respectively. The Company and Parent agreed to convert this liability to additional paid-in-capital on behalf of the Parent. As of December 31, 2016, there was no outstanding balance due to the parent.

Commissions

The President of the Parent earns commissions on the Company's principal transactions. Commissions earned by the President for the year ended December 31, 2016 totaled \$30,000. At December 31, 2016, the Company did not owe any money to the President.

CLARKESON RESEARCH, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

5. RECEIVABLES AND PAYABLES FROM BROKERS

Clearing Deposit

The Company has a clearing agreement under which it is required to maintain a cash deposit with a clearing organization in the amount of \$250,000. This clearing deposit shall remain on deposit with the clearing organization for a period no later than thirty (30) days subsequent to the termination of the agreement.

6. NET CAPITAL REQUIREMENT

The Company 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, shall 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, 2016, the Company had net capital of \$245,884, which was \$240,884 in excess of its required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital was 0.03 to 1.

7. EXEMPTION FROM RULE 15C3-3

The Company is exempt from the Securities and Exchange Commission Rule 15c3-3 and therefore is not required to maintain Special Reserve Bank Account for the Exclusive Benefit of Customers.

8. SUBSEQUENT EVENTS

The Company has evaluated events subsequent to the balance sheet date for items requiring recording or disclosure in the financial statements. The evaluation was performed through the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.

CLARKESON RESEARCH, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 2016

9. GUARANTEES

FASB ASC 460, Guarantees, requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying factor (such as an interest rate or foreign exchange rate, security or commodity price, and index or the occurrence or nonoccurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. This guidance also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees or indebtedness of others.

The Company has issued no guarantees at December 31, 2016 or during the year then ended.

10. COMMITMENTS AND CONTINGENCIES

Commitments

The Company had no commitments, no contingent liabilities and had not been named as a defendant in any lawsuit at December 31, 2016 or during the year then ended.

11. RECENTLY ISSUED ACCOUNTING STANDARDS

The Financial Accounting Standards Board (the "FASB") has established the Accounting Standards Codification ("Codification" or "ASC") as the authoritative source of generally accepted accounting principles ("GAAP") recognized by the FASB. The principles embodied in the Codification are to be applied by nongovernmental entities in the preparation of financial statements in accordance with GAAP in the United States. New accounting pronouncements are incorporated into the ASC through the issuance of Accounting Standards Updates ("ASUs").

For the year ending December 31, 2016, various ASUs issued by the FASB were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year then ended. The Company has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Company's financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the Company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.

CLARKESON RESEARCH, INC.
SCHEDULE I - COMPUTATION OF NET CAPITAL FOR BROKERS
AND DEALERS UNDER SEC RULE 15c3-1
FOR THE YEAR ENDED ECEMBER 31, 2016

Total stockholder's equity	\$ 247,464
Non-allowable assets, deductions and charges:	
Prepaid expenses	<u>\$ 1,580</u>
Total non-allowable assets, deductions and charges	1,580
Net capital	<u><u>\$ 245,884</u></u>
Computation of basic net capital requirements	
Minimum net capital required (6 2/3% of aggregate indebtedness of \$8,064)	\$ 537
Minimum dollar net capital requirement	<u>5,000</u>
Minimum capital required	<u>5,000</u>
Excess net capital	<u><u>\$ 240,884</u></u>
Excess net capital at 1000% (net capital less 10% of total aggregate indebtedness)	<u><u>\$ 245,077</u></u>
Computation of aggregate indebtedness	
Total aggregate indebtedness in the statement of financial condition	<u><u>\$ 8,064</u></u>
Percentage of aggregate indebtedness to net capital	3%
Ratio of aggregate indebtedness to net capital	<u><u>0.03 to 1</u></u>

See accompanying notes to the financial statements.

CLARKESON RESEARCH, INC.
SCHEDULE II - RECONCILIATION OF NET CAPITAL PER FOCUS REPORT
WITH AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

Net capital, as reported in Company's Part IIA unaudited Focus Report \$ 240,884

Net capital, per report pursuant to Rule 17a - 5(d) \$ 240,884

Reconciliation With The Company's Computations:

A reconciliation is not necessary pursuant to rule 17a-5(d)(4) since there were no material differences between the computations of aggregate indebtedness and net capital as computed above and the computation by the Company included in Form X-17A-5 as of December 31, 2016, filed on January 26, 2017.

CLARKESON RESEARCH, INC.
SCHEDULE III - INFORMATION RELATING TO POSSESSION OR CONTROL
REQUIREMENTS UNDER SEC RULE 15c3-3
FOR THE YEAR ENDED DECEMBER 31, 2016

The Company is exempt from SEC Rule 15c3-3 under paragraph (k)(2)(ii) of that rule.

CLARKESON RESEARCH, INC.
SCHEDULE IV - COMPUTATION FOR DETERMINATION OF THE RESERVE
REQUIREMENTS UNDER SEC RULE 15c3-3
FOR THE YEAR ENDED DECEMBER 31, 2016

The Company is exempt from SEC Rule 15c3-3 under paragraph (k)(2)(ii) of that rule.

Clarkeson Research, Inc.

Report Pursuant to Rule 17a-5 (d)

Report on Exemption Provisions

For the Year Ended December 31, 2016

Report of Independent Registered Public Accounting Firm

We have reviewed management's statements, included in the accompanying Assertions Regarding Exemption Provisions, in which (1) Clarkeson Research, Inc. identified the following provisions of 17 C.F.R. § 15c3-3(k) under which Clarkeson Research, Inc. claimed an exemption from 17 C.F.R. § 240.15c3-3: (k)(2)(ii) (the "exemption provisions") and (2) Clarkeson Research, Inc. stated that Clarkeson Research, Inc. met the identified exemption provisions throughout the year ended December 31, 2016, without exception. Clarkeson Research, 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 Clarkeson Research, 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.



Breard & Associates, Inc.
Certified Public Accountants

New York, New York
February 10, 2017

Clarkeson Research, Inc.

19 Townsend Square • Oyster Bay, New York 11771 • 800-344-5150 • 516-624-8825 • 516-624-8823 Fax

Member FINRA/SIPC

Assertions Regarding Exemption Provisions

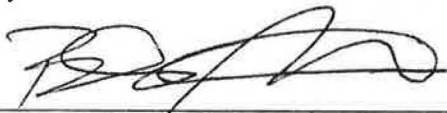
We, as members of management of Clarkeson Research, Inc. ("the Company"), are responsible for compliance with the annual reporting requirements under Rule 17a-5 of the Securities Exchange Act of 1934. Those requirements compel a broker or dealer to file annual reports with the Securities Exchange Commission (SEC) and the broker or dealer's designated examining authority (DEA). One of the reports to be included in the annual filing is an exemption report prepared by an independent public accountant based upon a review of assertions provided by the broker or dealer. Pursuant to that requirement, the management of the Company hereby makes the following assertions:

The Company claims exemption from the custody and reserve provisions of Rule 15c3-3 by operating under the exemption provided by Rule 15c3-3, Paragraph (k)(2)(ii).

The Company met the identified exemption provision without exception throughout the year ended December 31, 2016.

Clarkeson Research, Inc.

By:



(Brian Bornstein, Managing Director)

2-10-17

(Date)