

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

ANNUAL REPORTS  
FORM X-17A-5  
PART III

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Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 01/01/2021 AND ENDING 12/31/2021  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Darwood Associates, Incorporated

TYPE OF REGISTRANT (check all applicable boxes):

- ☒ Broker-dealer ☐ Security-based swap dealer ☐ Major security-based swap participant  
☐ Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

284 US Highway 206

(No. and Street)

Hillsborough

NJ

08844

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Gerard Rendinaro (908) 874-3600

g.rendinaro@darwoodassociates.com

(Name)

(Area Code - Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing\*

RW Group LLC.

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

400 Old Forge Lane, Suite 401 Kennett Square PA 19348

(Address)

(City)

(State)

(Zip Code)

2/23/2010

5020

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

FOR OFFICIAL USE ONLY

\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

## OATH OR AFFIRMATION

I, Gerard Rendinaro, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Darwood Associates, Incorporated, as of 12/31, 2021, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.

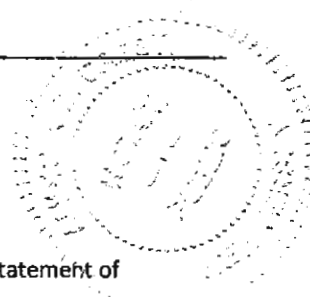
  
Notary Public

Signature: 

Title:

Vice President

ANDREA D. CRESTI  
NOTARY PUBLIC  
STATE OF NEW JERSEY  
MY COMMISSION EXPIRES JAN. 29, 2026



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

- ☒ (a) Statement of financial condition.
- ☐ (b) Notes to consolidated 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 cash flows.
- ☒ (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- ☐ (f) Statement of changes in liabilities subordinated to claims of creditors.
- ☒ (g) Notes to consolidated financial statements.
- ☒ (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- ☐ (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- ☐ (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- ☐ (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- ☐ (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- ☐ (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- ☐ (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- ☐ (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- ☐ (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- ☒ (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- ☐ (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☒ (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (t) Independent public accountant's report based on an examination of the statement of financial condition.
- ☒ (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- ☐ (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☒ (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- ☐ (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- ☐ (z) Other: \_\_\_\_\_

**\*\*To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.**

**DARWOOD ASSOCIATES INC.  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION PURSUANT TO 17a-5(d)  
OF THE SECURITIES AND EXCHANGE COMMISSION AND  
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
DECEMBER 31, 2021**

**DARWOOD ASSOCIATES INC.**  
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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
of Darwood Associates, Inc

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Darwood Associates, Inc, as of December 31, 2021, and the related statements of income, changes in stockholder's equity, and cash flows for the year ended December 31, 2021 and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of Darwood Associates, Inc as of December 31, 2021, and the results of its operations and its cash flows for the year ended December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of Darwood Associates, Inc's management. Our responsibility is to express an opinion on Darwood Associates, 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 Darwood Associates, 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.

### Supplemental Information

The computation of net capital, aggregate indebtedness and basic net capital requirement pursuant to rule 15c3-1 has been subjected to audit procedures performed in conjunction with the audit of Darwood Associates, Inc's financial statements. The supplemental information is the responsibility of Darwood Associates, 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 computation of net capital and aggregate indebtedness under rule 15c3-1 is fairly stated, in all material respects, in relation to the financial statements as a whole.

*RW Group, LLC*

We have served as Darwood Associates, Inc's auditor since 2018.

Kennett Square, Pennsylvania

March 31, 2022



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTING FIRM ON  
APPLYING AGREED-UPON PROCEDURES**

Board of Directors of  
Darwood Associates, Inc

We have performed the procedures included in Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and in the Securities Investor Protection Corporation (SIPC) Series 600 Rules, which are enumerated below on the accompanying General Assessment Reconciliation (Form SIPC-7) for the year ended December 31, 2021. Management of Darwood Associates, Inc (Company) is responsible for its Form SIPC-7 and for its compliance with the applicable instructions on Form SIPC-7.

Management of the Company has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting you and SIPC in evaluating the Company's compliance with the applicable instructions on Form SIPC-7 for the year ended December 31, 2021. Additionally, SIPC has agreed to and acknowledged that the procedures performed are appropriate for their intended purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. 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 in the general ledger, noting no variances;
- 2) Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2021, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2021, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers. There were no adjustments reported in Form SIPC-7;
- 4) Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments. The Form SIPC-7 was mathematically accurate, there were no related schedules and adjustments; and
- 5) Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed. Not applicable to the current year.

We were engaged by the Company to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and in accordance with the standards of the Public Company Accounting Oversight Board (United States). We were not engaged to and did not conduct an examination or a review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's Form SIPC-7 and for its compliance with the applicable instructions on Form SIPC-7 for the year ended December 31, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

*RW Group, LLC*

Kennett Square, Pennsylvania  
March 31, 2022

**DARWOOD ASSOCIATES INC.**

**STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2021**

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**ASSETS**

Cash	\$	7,615
Commission receivable		17,488
Marketable securities (at fair value)		126,006
Clearing deposit		35,000
Security deposits and other assets		4,519
Right to use assets		<u>10,974</u>
Total assets	\$	<u>201,602</u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Liabilities:		
Accounts payable and accrued expenses	\$	42,886
AI leases payable	\$	527
Non AI leases payable		10,974
Loans payable		-
Deferred taxes		<u>18,100</u>
Total liabilities		<u>72,487</u>
Stockholder's Equity:		
Common stock, no par value, 50,000 shares authorized, issued and outstanding		50,000
Retained earnings		<u>79,115</u>
Total stockholder's equity		<u>129,115</u>
Total liabilities and stockholder's equity	\$	<u>201,602</u>

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

**DARWOOD ASSOCIATES INC.**

**STATEMENT OF INCOME**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

Revenues:	
Commissions	\$ 531,458
Investment income	1,560
PPP Loan Forgiveness	58,960
	<u>591,978</u>
Expenses:	
Salaries and related expenses	274,994
Professional fees and commissions	79,290
Occupancy	31,747
Regulatory fees and expenses	6,664
Travel	19,601
Insurance	25,785
Meals and entertainment	23,771
Other expenses	107,395
	<u>569,247</u>
Income from operations before other income and provision for income taxes	22,731
Other income - unrealized gain on marketable securities	<u>46,362</u>
Income before provision for income taxes	69,093
Provision for income tax expense	-
Provision for deferred income tax expense	<u>3,050</u>
Net income	<u><u>\$ 66,043</u></u>

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



**DARWOOD ASSOCIATES INC.**

**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

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	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, beginning	\$ 50,000	\$ 13,072	\$ 63,072
Net income		66,043	66,043
Balance at December 31, 2021	<u>\$ 50,000</u>	<u>\$ 79,115</u>	<u>\$ 129,115</u>

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

**DARWOOD ASSOCIATES INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

Cash flows from operating activities:	
Net income	\$ 66,043
Adjustments to reconcile net income to net cash provided by operating activities:	
Unrealized gain on marketable securities	(46,362)
Payroll Protection Program Loan forgiveness	(58,960)
Changes in operating assets and liabilities:	
Increase in commission receivables	(989)
Decrease in security deposits, other assets and right to use assets	24,842
Increase in accounts payable and accrued expenses	14,370
Increase in deferred tax liability	3,049
Decrease lease payable	(25,713)
Total adjustments	(89,763)
Net cash provided by operating activities	(23,720)
Net increase in cash	(23,720)
Cash at beginning of the year	66,335
Cash at end of the year	\$ 42,615
<b>Supplemental Disclosure of Cash Flow Information</b>	
Cash paid during the year for:	
Interest paid	
Income taxes paid	510
Non cash financing:	
Payroll Protection Program Loan forgiveness	58960
<b>Cash &amp; Restricted Cash</b>	
Cash	7,615
Clearing Deposit	35,000
Total Cash & Restricted Cash	\$ 42,615

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

**DARWOOD ASSOCIATES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**1. ORGANIZATION AND NATURE OF BUSINESS**

Darwood Associates Inc. ("the Company") is registered as a broker and dealer in securities pursuant to Section 15 (b) of the Securities and Exchange Act of 1934.

The Company was incorporated on April 1, 1971 in the State of New York.

The Company is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corp ("SIPC").

Recent Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02 which supersedes ASC 840, *Accounting for Leases*. The new guidance requires the recognition of lease assets and lease liabilities for operating leases with lease terms of more than twelve months. Presentation of leases within the statement of operations and statement of cash flows will be generally consistent with current lease accounting guidance. The amended ASU is effective for reporting periods beginning after December 15, 2018, with early adoption permitted. We adopted the amended ASU in the first quarter of fiscal year 2019. The accounting changes had a material effect on our financial statements and a minor impact on Net Capital.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The accompanying financial statements have been prepared in conformity with U.S generally accepted accounting principles ("GAAP") and the rules and regulations of the United States Securities and Exchange Commission (the "Commission"). It is management's opinion, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 those estimates

Commission Receivable

Commission receivable are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Management has determined that no allowance for doubtful accounts at December 31, 2021 are required.

Accounting basis

The Company uses the accrual basis of accounting for financial statement and income tax reporting. Accordingly revenues are recognized when services are rendered and expenses realized when the obligation is incurred.

**DARWOOD ASSOCIATES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents are carried at cost, which approximates market value.

Fair Values of Financial Instruments

Financial Accounting Standards Board Accounting Standards Codification ("ASC") 825, "Financial Instruments," requires the Company to disclose estimated fair values for its financial instruments. Fair value estimates, methods, and assumptions are set forth below for the Company's financial instruments: The carrying amount of cash, accounts receivable, prepaid expenses, accounts payable and accrued expenses and accounts payable to related parties, approximate fair value because of the short maturity of those instruments.

Marketable Securities

Marketable securities are carried at fair market value, with unrealized gains and losses reported in net earnings. Realized gains or losses are computed based on specific identification of the securities sold and are charged or credited to current earnings. Purchases and sales of marketable securities and the related commission revenue and expense are recorded on a trade date basis which is generally two business days before settlement. Marketable securities are classified as a Level 1 investment. ASC 820 Fair Value Hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels, Level 1, Level 2 and Level 3.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data).

Income Taxes

The Company accounts for income taxes using the asset and liability method, under which deferred tax assets and liabilities are determined based upon the differences between financial statement carrying amounts and the tax bases of existing assets and liabilities. Deferred taxes also are recognized for operating losses that are available to offset future taxable income.

Pursuant to accounting guidance concerning provision for uncertain income tax provisions contained in Accounting Standards Codification ("ASC") 740-10, there are no uncertain income tax positions. The federal and state income tax returns of the Company are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

The expense (benefit) for income taxes consist of:

Current:

Federal	\$ 0
State	\$ -726
<b>Total tax expense</b>	<b><u>-726</u></b>

Deferred and other:

Federal	\$ 2329
State	\$ 721

**Total tax expense** \$ 2324

Revenue Recognition

The Company's revenues are from commissions and fees earned from their brokering services and are recognized on settlement date. Any other revenues are de minimis and recognized when received. The Company has adopted ASC 606 and has applied the 5 Step Model to Revenue Recognition as follows:

1. Contracts:
  - Accounts held at RBC- the RBC Customer Agreement and agreed upon commission schedule.
2. Performance Obligation in the Contracts:
  - Trades- Execution of Trade and subsequent settlement.
  - Fees Earned- The passing of a prescribed period of time.
3. Transaction Price:
  - Trades- Agreed upon commission schedule.
  - Fees Earned- As prescribed in contract.
4. Allocation of the Transaction Price between Performance Obligations in the Contract:
  - The price is allocated ratably based on the stand alone performance price of each performance obligation.
5. Recognition of Revenue when Performance Obligation is Satisfied:
  - See the paragraph above.

Concentrations of Credit Risk

The Company places its cash with a high credit quality financial institution. The Company's account at this institution is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. To reduce its risk associated with the failure of such financial institution, the Company evaluates at least annually the rating of the financial institution in which it holds deposits.

**3. NET CAPITAL**

The Company is a registered broker-dealer and is subject to the SEC's Uniform Net Capital Rule 15c3-1. This requires that the Company maintain minimum net capital of \$5,000 and requires that the ratio of aggregate indebtedness to net capital, both as defined, not exceed 8 to 1, in the first year of membership, and 15 to 1 thereafter. The rule also provides that equity capital may not be withdrawn, cash dividends paid or the Company's operations expanded, if the resulting net capital ratio would exceed 10 to 1.

As of December 31, 2021, the Company had net capital of \$102,544 which exceeded required net capital by \$97,544 and aggregate indebtedness of \$61,513. The Company's aggregate indebtedness to net capital ratio was .60 to 1 as of December 31, 2021.

#### **4. CLEARING DEPOSIT**

As of December 31, 2021, the Company has a \$35,000 deposit with RBC Capital Markets pursuant to the Fully Disclosed Clearing Agreement.

#### **5. OPERATING LEASE**

The Company leases its facilities in New Jersey under lease agreements expiring July 31, 2022. On September 1, 2021, the Company's lease in New York expired and as of December 31, 2021 has not been renewed. Currently this space is being rented on a month to month basis. The Company paid \$30,459.55 in office rent (including area maintenance costs) for 2021. Future minimum lease payments are as follows:

December 31, 2022	\$11,388.14
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#### **6. MARKETABLE SECURITIES**

The Company purchased 300 warrants divided into four tranches to purchase shares of common stock of The NASDAQ Stock Market, Inc. The first two tranches expired worthless. The Company exercised the warrant for the third tranche and paid \$4,500 for 300 shares of restricted stock in 2005. In 2006, the Company exercised the warrant for the fourth tranche and paid \$4,800 for 300 shares of restricted stock. As of December 31, 2021 all restrictions on the marketability of the stock were lifted. Accordingly, the Company now carries the security as an allowable asset for net capital purposes at market value. As of December 31, 2021, the Company has \$126,006 in marketable securities.

The following table presents the Company's fair value hierarchy for this asset as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Marketable Securities	\$ 126,006	-	-	\$ 126,006

#### **7. PAYROLL PROTECTION PROGRAM (PPP)**

On April 7<sup>th</sup>, 2020 Darwood entered into an agreement with JP Morgan Chase and received a Payroll Protection Program (PPP) Loan in the amount of \$58,960. The Loan carries interest of .98% and payable in 2 years from the date of issuance.

As anticipated, the Company applied for and received forgiveness for this loan in July, 2021.

## **8. SUBSEQUENT EVENTS**

The Company evaluated events occurring between the end of its fiscal year, December 31, 2021, and March 31, 2021, when the financial statements were issued. There were no transactions or events that required disclosure as subsequent events.

# **SCHEDULE I**

## **DARWOOD ASSOCIATES INC.**

### **COMPUTATION OF NET CAPITAL, AGGREGATE INDEBTEDNESS, AND BASIC NET CAPITAL REQUIREMENT PURSUANT TO RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION**

**DECEMBER 31, 2021**

Aggregate Indebtedness		
Accounts payable and accrued expenses	\$	61,513
Total Aggregate indebtedness	\$	<u>61,513</u>
 Total stockholder's equity	\$	 129,115
Adjustments to Net Capital		
Haircuts and undue concentrations	(22,051)	
Security deposits and other assets	<u>(4,519)</u>	
Total Adjustments to Net Capital		<u>(26,570)</u>
Net Capital, as defined	\$	<u>102,545</u>
 Computation of Basic Net Capital Requirement		
(a) Minimum net capital required (6 2/3 % of total aggregate indebtedness)		<u>4,101</u>
(b) Minimum net capital required of broker dealer	\$	<u>5,000</u>
Net Capital Requirement (Greater of (a) or (b))	\$	<u>5,000</u>
Net Capital In Excess of Requirement	\$	<u>97,545</u>
Net Capital less greater of 10% of A.I. or 120% of Net Capital Requirement	\$	<u>96,545</u>
Ratio Of Aggregate Indebtedness To Net Capital		60.00%
Reconciliation with the Company's computation of net capital:		
Net capital as reported in the Company's Part IIA (unaudited)		
Focus Report	\$	102,545
Net audit adjustments		-
Increase in non-allowable and haircuts		-
Net capital per above	\$	<u>102,545</u>

There are no material differences between the computation of net capital presented above and the computation of net capital in the Company's unaudited Form X-17A-5, Part IIA filing as of December 31, 2021.



**DARWOOD ASSOCIATES INC.**

**EXEMPTION REPORT PURSUANT TO RULE 15C3-3  
OF THE SECURITIES AND EXCHANGE COMMISSION**

**DECEMBER 31, 2021**

Darwood Associates Inc. operates pursuant to paragraph (k)(2)(ii) of SEC Rule 15c3-3 under which the Company claims an exemption from SEC Rule 15c3-3. The Company is exempt from the reserve requirements of Rule 15c3-3 as its transactions are limited, such that it does not handle customer funds or securities. Accordingly, the computation for determination of reserve requirements pursuant to Rule 15c3-3 and information relating to the possession or control requirement pursuant to Rule 15c3-3 are not applicable.

The Company has met the identified exemption provisions throughout the year ended December 31, 2021 without exception.

Signature: \_\_\_\_\_

A handwritten signature in black ink, appearing to read 'Gerard', followed by a long, wavy horizontal line that extends across the signature line.

Gerard Rendinaro, Vice President



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors  
of Darwood Associates, Inc

We have reviewed management's statements, included in the accompanying Exemption Report Rule 17a-5(d)(4), in which (1) Darwood Associates, Inc identified the following provisions of 17 C.F.R. §15c3-3(k) under which Darwood Associates, Inc claimed an exemption from 17 C.F.R. §240.15c3-3: (2)(ii) (the "exemption provisions") and (2) Darwood Associates, Inc stated that Darwood Associates, Inc met the identified exemption provisions throughout the most recent fiscal year without exception. Darwood Associates, 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 Darwood Associates, 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.

*RW Group, LLC*

Kennett Square, Pennsylvania

March 31, 2022