

SOGOTRADE, INC

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2016

CONFIDENTIAL

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

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

OMB APPROVAL	
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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: SogoTrade, Inc.

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

11 Broadway, Suite 514

(No. and Street)

New York

NY

10004

(City)

(State)

(Zip Code)

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

Dennis W. Maloney

212 425 9264

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

VB&T Certified Public Accountants, PLLC

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

250 W 57th Street, Suite 162

New York

NY

10107

(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, Dennis W. Maloney, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SogoTrade, 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:

Dennis W. Maloney
Signature
President
Title

Notary Public

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).*

SOGOTRADE, INC

DECEMBER 31, 2016

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Certified Public Accountants, PLLC

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
SogoTrade Inc

We have audited the accompanying statement of financial condition of SogoTrade Inc, (the Company) as of December 31, 2016, and the related statements of income, changes in shareholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of 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 SogoTrade Inc as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Schedule I, II and III have been subjected to audit procedures performed in conjunction with the audit of Company's financial statements. The supplemental information is the responsibility of Company'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 supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

VB&T Certified Public Accountants, PLLC

New York, NY
February 10, 2017

Registered with the Public Company Accounting Oversight Board
Member of the American Institute of Certified Public Accountants

SOGOTRADE, INC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2016

ASSETS

Cash	\$ 210,692
Due from clearing broker	925,336
Prepaid expenses	35,137
Furniture and equipment, net	37,627
Other assets	28,275

Total assets	<u><u>\$ 1,237,067</u></u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:

Accounts payable and accrued expenses	\$ 350,013
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Stockholders' equity:

Preferred stock: Series A - no par value

4,000 shares authorized

No shares outstanding

Common stock: no par value

1,000 shares authorized, issued and outstanding	1,153,730
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Accumulated (deficit)	<u>(266,676)</u>
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Stockholders' equity	<u>887,054</u>
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Total liabilities and stockholders' equity	<u><u>\$ 1,237,067</u></u>
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See notes to the financial statements

SOGOTRADE, INC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

Commissions	\$ 2,480,620
Other income	<u>1,758,246</u>
	<u>4,238,866</u>
Expenses:	
Compensation expense	1,716,611
Clearing charges and expenses	704,758
Professional fees	444,887
Trading platform	360,000
Computer and technology	262,691
Advertising and marketing expenses	191,955
Rent	160,975
Payroll taxes	131,237
Communications	128,456
Insurance expenses	124,387
Office expenses	88,005
Regulatory fees	48,706
Travel and entertainment expenses	37,077
Depreciation	23,128
Taxes	<u>9,617</u>
Total expenses	<u>4,432,490</u>
Net loss	<u>\$ (193,624)</u>

See notes to the financial statements

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

	Common Stock Shares	Common Stock	Accumulated (deficit)	Total Stockholder's Equity
Balance - January 1, 2016	100	\$ 1,153,730	\$ (73,052)	\$ 1,080,678
Net loss	-	-	(193,624)	(193,624)
Balance - December 31, 2016	100	\$ 1,153,730	\$ (266,676)	\$ 887,054

See notes to the financial statements

SOGOTRADE, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

Cash flows from operating activities:	
Net loss	\$ (193,624)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	23,128
Changes in operating assets and liabilities:	
Due from clearing broker	(56,886)
Prepaid expenses	4,415
Other assets	16,278
Accounts payable and accrued expenses	167,378
Net cash used in operating activities	<u>(39,311)</u>
 Net decrease in cash	 (39,311)
 Cash, beginning of year	 <u>250,003</u>
 Cash, end of year	 <u><u>\$ 210,692</u></u>

See notes to the financial statements

SOGOTRADE, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

SogoTrade, Inc. (formerly known as Wang Investment Associates, Inc.) (the "Company") was formed on March 27, 1986 in the State of South Carolina as a broker-dealer in securities transactions under the Securities Exchange Act of 1934. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company has adopted December 31 as its year end.

On December 16, 2010, the Company was incorporated under Section 102 of the Delaware General Corporation Law. On December 21, 2010, Wang Investment Associates, Inc. of South Carolina was merged into the Delaware Company and the South Carolina entity ceased its existence. The Delaware Company as the surviving corporation acquired all of the rights, property and liabilities of the South Carolina Corporation pursuant to Delaware and South Carolina laws. On January 1, 2014, the Company was acquired by Sogo Financial Management, LLC and effective January 23, 2014; the Company changed its name from Wang Investment Associates, Inc. to SogoTrade, Inc.

The Company is engaged in a single line of business as a securities broker-dealer, which comprises several classes of services, including agency and riskless principal transactions.

The Company clears all of its transactions through securities clearing brokers. The Company acts as a broker-dealer and is exempt from Securities and Exchange Commission Rule 15c3-3 under paragraph (k)(2)(ii) since it uses other securities firms for clearing.

Pursuant to agreements between the Company and Hilltop Securities Inc. (HSI) and Apex Clearing Corporation (APEX), all securities transactions of the Company are cleared and its customers are introduced and cleared on a fully disclosed basis. The Company is exempt from provisions of Rule 15c3-3 and is not responsible for compliance with Section 4(c) of Regulation T of the Board of Governors of the Federal Reserve System, as all customers' accounts, as defined by such rules, are carried by APEX.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Company's financial statements are prepared using the accrual method of accounting. The Company earns its revenues from commissions for agency transactions and for riskless principal transactions; income is earned from mark-ups and mark downs. The transactions are recorded on a trade date basis, which is not materially different than recording transactions on a settlement date basis.

See independent auditors' report

SOGOTRADE, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

Receivable from clearing broker

Receivable from clearing brokers consists of money due from the Company's clearing firms, Hilltop Securities Inc. and Apex Clearing Corporation, for income earned on securities transactions. Management has determined that no allowance for doubtful accounts is necessary at December 31, 2016. On December 29, 2016 the Company discontinued its relationship with Hilltop Securities Inc.

Concentration of risk

The Company maintains cash in bank accounts which are non-interest bearing. As of January 1, 2013, interest bearing and non-interest bearing accounts are insured by the FDIC up to \$250,000 per financial institution. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

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.

Furniture and equipment

Depreciation on property and equipment is provided using accelerated methods over their estimated useful lives of 5 to 7 years. The difference between book and tax depreciation for the year ending December 31, 2016 was immaterial.

Legal proceedings

As a regulated securities broker dealer, from time to time the Company may be involved in proceedings and investigations by self-regulatory organizations. Although there can be no assurances that such matters will not have a material adverse effect on the results of operations or financial condition of the Company in any future period, depending in part on the results for such period, in the opinion of management of the Company there are no such actions pending against the Company that we can define that will have a material adverse effect on the Company's financial condition.

SOGOTRADE, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

3. OPERATING LEASE

In April 2012, the Company subleased its office facility at 1 McBride & Son Center Dr. #288, Chesterfield MO 63005, operating lease expiring on January 31, 2015. The Company amended the lease agreement in October 2014 to expire May 31, 2018. The Company's monthly rent was \$6,856 from January 1, 2016 through December 31, 2016. The Company has entered into a first amendment to pay to Landlord an additional rent of \$2,000 per month for placing "Sogotrade" signs on the outside of the building from January 1, 2016 through December 31, 2016.

The Company has a new lease for office space at 11 Broadway, 5th Floor, New York, NY, expiring in November 2018. The Company's monthly rent is \$4,548 and in December 2017 is set to increase to \$4,684.

4. RELATED PARTY TRANSACTIONS

An affiliated company Max Tech LLC, which is wholly-owned by Sogo Financial Management LLC (the Company's holding company), provided technical services to the Company for which it was billed \$360,000. The Company has an outstanding balance due to Max Tech LLC of \$90,000 as of December 31, 2016.

5. NET CAPITAL REQUIREMENTS

The Company is subject to the uniform net capital requirements of Rule 15c3-1 of the Securities and Exchange Act, as amended, which requires the Company to maintain, at all times, sufficient liquid assets to cover indebtedness. In accordance with the Rule, the Company is required to maintain defined minimum net capital of the greater of \$5,000 or 6 2/3% of aggregate indebtedness.

At December 31, 2016, the Company had net capital, as defined, of \$718,522, which exceeded the required minimum net capital of \$23,334 by \$695,188. Aggregate indebtedness at December 31, 2016 totaled \$350,013. The Company's percentage of aggregate indebtedness to net capital was 48.7%.

6. SUBSEQUENT EVENTS

Management of the Company has evaluated events and transactions that may have occurred since December 31, 2016 and through the date of the Independent Auditors' Report and determined that there are no material events that would require disclosures in the Company's financial statements.

See independent auditors' report

SOGOTRADE, INC

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2016

CONFIDENTIAL

SOGOTRADE, INC
COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2016

Total stockholder's equity	<u>\$ 887,054</u>
Deductions and/or charges:	
Cash	554
Due from clearing broker	66,939
Furniture and equipment, net	37,627
Prepaid expenses	35,137
Other assets	28,275
Total non-allowable assets	<u>168,532</u>
Net capital	<u><u>718,522</u></u>
Computation of basic net capital requirement:	
Minimum net capital requirement, greater of 6-2/3%	
of aggregate indebtedness (\$350,013)	<u>\$ 23,334</u>
Statutory minimum net capital required	<u>\$ 5,000</u>
Net capital requirement (greater of the minimum calculation or	
the statutory amount)	<u>\$ 23,334</u>
Excess net capital	<u>\$ 695,188</u>
Excess net capital at 1,000%	<u><u>\$ 683,521</u></u>
Computation of aggregate indebtedness:	
Accounts payable and accrued expenses	
Loan payable	<u>\$ 350,013</u>
Percentage of aggregate indebtedness to net capital	<u><u>48.7%</u></u>

There were no material differences existing between the above computation and the computation included in the Company's corresponding unaudited Form X-17A-5 Part IIA filing. Accordingly, no reconciliation is necessary.

See independent auditors' report

Computation for Determination of the Reserve Requirements Under Rule 15c3-3 of the Securities and Exchange Commission:

The Company operates under the exemptive provisions of paragraph (k)(2)(ii) of SEC Rule 15c3-3.

Information Relating to Possession or Control Requirements Under Rule 15c3-3 of the Securities and Exchange Commission:

The Company is subject to the exemptive provisions of paragraph (k)(2)(ii) of SEC Rule 15c3-3 and did not maintain possession or control of any customer funds or securities at December 31, 2016.

VB&T

Certified Public Accountants, PLLC

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
SogoTrade Inc

We have reviewed management's statements, included in the accompanying management assertion letter, in which (1) SogoTrade Inc (the "Company") identified the following provisions of 17 C.F.R. §15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3: paragraph (k)(2)(ii) (the "exemption provisions") and (2) the Company stated that SogoTrade Inc met the identified exemption provisions throughout the most recent fiscal year without exception. The Company'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 the Company'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.

VB & T Certified Public Accountants, PLLC

New York, NY
February 10, 2017

Registered with the Public Company Accounting Oversight Board
Member of the American Institute of Certified Public Accountants

SOGOTRADE, INC
EXEMPTION REPORT
DECEMBER 31, 2016

SogoTrade, Inc (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. §240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

1. The Company claimed an exemption from 17 C.F.R. §240.15c3-3 under the following provisions of 17 C.F.R. §240.15c3-3 (k)(2)(ii)
2. The Company met such exemption provision of 17 C.F.R. §240.15c3-3 (k)(2)(ii) throughout the most recent fiscal year without exception.

SogoTrade, Inc

I, Dennis Maloney, affirm that, to the best of my knowledge and belief, this Exemption Report is true and correct.

By: Dennis W. Maloney

Title: President

Dated:

See independent auditors' report