

3/7  
12W

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

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: April 30, 2013  
Estimated average burden  
hours per response: 12.00



13010842

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

SEC  
Mail Process  
Section  
FEB 28 2013  
Washington DC  
400

SEC FILE NUMBER  
8-66845

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 01/01/2012 AND ENDING 12/31/2012  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Scarsdale Equities LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
10 Rockefeller Plaza, Suite 720

OFFICIAL USE ONLY  
FIRM I.D. NO.

(No. and Street)

New York

New York

10020

(City)

(State)

(Zip Code)

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

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Sanford Becker & Co., P.C.

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

1430 Broadway

New York

New York

10018

(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)

Com  
3/1/13

OATH OR AFFIRMATION

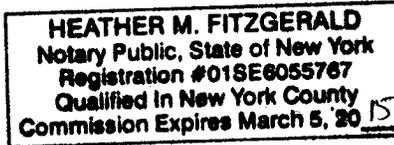
I, Francis A. Mlynarczyk, Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Scarsdale Equities LLC, as of December 31, 2012, are true and correct. I further swear (or affirm) that neither the company 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:

NO EXCEPTIONS.

Francis A. Mlynarczyk, Jr. Signature

Chief Executive Officer Title

Heather M. Fitzgerald 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.
(o) Independent Auditors' Report on Internal Accounting Control.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**SANFORD BECKER & CO., P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

GEORGE S. GETZ, CPA

SANFORD BECKER, CPA 1922-1994  
SANFORD E. BECKER, CPA 1957-2008

1430 BROADWAY  
NEW YORK, N.Y. 10018  
TELEPHONE (212) 921 - 9000  
FACSIMILE (212) 354 -1822

**Independent Auditors' Report**

To the Members  
Scarsdale Equities LLC

**Report on the Financial Statements**

We have audited the accompanying statement of financial condition of Scarsdale Equities LLC (the Company) as of December 31, 2012, that are file pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of Scarsdale Equities LLC as of December 31, 2012, in accordance with accounting principles generally accepted in the United States of America.

*Lambert Becker & Co. P.C.*

February 26, 2013

**SCARSDALE EQUITIES LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2012**

**ASSETS**

Cash and cash equivalents	\$1,041,099
Due from broker	417,976
Accounts receivable	51,775
Marketable securities	118,320
Non-marketable securities	432,017
Prepaid expenses	65,979
Other assets	157,309
Property and equipment, less accumulated depreciation of \$30,114	<u>80,787</u>
<b>Total Assets</b>	<b><u>\$2,365,262</u></b>

**LIABILITIES AND MEMBERS' EQUITY**

Liabilities	
Commissions payable	\$ 522,590
Accounts payable and accrued expenses	<u>372,955</u>
<b>Total Liabilities</b>	<u>895,545</u>
Members' Equity	
Members' equity	<u>1,469,717</u>
<b>Total Liabilities and Member's Equity</b>	<b><u>\$2,365,262</u></b>

See accompanying auditors' report and notes to financial statements.

**SCARSDALE EQUITIES LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**Note 1 - Summary of Significant Accounting Policies**

**Nature of Operations**

Scarsdale Equities LLC, (the "Company"), is a registered broker-dealer. The Company is a member of the Financial Industry Regulatory Authority and is subject to regulation by the United States Securities and Exchange Commission and the Financial Industry Regulatory Authority.

The Company operates principally under a clearance agreement with another broker, whereby the Company is engaged in trading securities on behalf of the Company's clients. In addition, the Company provides investment banking, private placement and advisory services to its clients in connection with various investing transactions.

**Revenue Recognition**

Securities owned are carried at quoted market values, and securities not readily marketable are valued at fair value as determined by management. Any changes from period to period between cost and market value are included in income.

Securities transactions and the related revenue and expenses are recorded on a settlement date basis. Revenues and expenses for these transactions would not be materially different if reported on a trade date basis.

The Company recognizes revenue upon providing investment banking, private placement and advisory services to its clients when the amount is determinable and realizable.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**SCARSDALE EQUITIES LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Cash Equivalents**

For purposes of the statement of cash flows, cash equivalents include highly liquid debt instruments purchased with original maturities of three months or less.

**Income Taxes**

The Company as a limited liability company is taxed similar to a partnership for Federal and State income tax purposes, whereby, the individual members of the Company includes the Company's income or loss on their individual income tax returns. Accordingly, no provision for Federal and State income tax has been provided. The company provides for taxes for local jurisdictions.

Management of the Company is not aware of any issues or circumstances that would unfavorably impact its tax status. Management has determined that the Company had no uncertain tax positions that would require financial statement recognition. Tax years from 2009 through 2011 remain subject to examination by taxing authorities.

**Note 2 - Concentration of Credit Risk**

The Company maintains cash balances at financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000.

**Note 3 - Due From Broker**

The Company operates principally under a clearance agreement with its clearing broker, whereby such broker assumes and maintains the Company's customer accounts. As part of the agreement, the Company is required to maintain cash or securities deposited at the clearing broker of not less than \$100,000.

**SCARSDALE EQUITIES LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**Note 4 – Fair Value Measurements of Investments**

The Company uses fair value measurements to record certain assets and liabilities and to determine fair value disclosures. The Company's investments in securities listed on a national exchange are valued at the last sales price on the date of valuation.

The three-level hierarchy for fair value measurements is defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices for identical assets and liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and the inputs that are observable for the asset or liability, either directly or indirectly.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measure.

At December 31, 2012, assets measured at fair value on a recurring basis:

	<u>Total</u>	<u>Mining Canadian</u>	<u>Health Care United States</u>
Level 1 Listed Equities	\$118,320	\$ 57,570	\$ 60,750
Level 2	- 0 -	- 0 -	- 0 -
Level 3 Restricted Equities	<u>432,017</u>	<u>432,017</u>	<u>- 0 -</u>
Total	<u>\$550,337</u>	<u>\$ 489,587</u>	<u>\$ 60,750</u>

The following is a reconciliation of the beginning and ending balances measured at fair value using significant unobservable inputs during the year ended December 31, 2012:

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Private and restricted securities	<u>\$ 33,892</u>	<u>\$ 398,125</u>	<u>\$ 432,017</u>

**SCARSDALE EQUITIES LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**Note 5 - Net Capital Requirements**

The Company is subject to the net capital requirements of rule 15c3-1 of the Securities and Exchange Commission, which requires a broker-dealer to have at all times sufficient liquid assets to cover current indebtedness. In accordance with the rule, the Company is required to maintain minimum net capital of \$100,000 or 1/15 of aggregate indebtedness.

At December 31, 2012, the Company had net capital, as defined, of \$664,102 which exceeded the required minimum net capital by \$564,102. Aggregate indebtedness at December 31, 2012 totaled \$895,544 and the ratio of aggregate indebtedness to net capital was 1.35 to 1.

**Note 6 - Commitments and Contingencies**

**Lease**

During 2009, the Company renegotiated its lease for office space which commenced October 2009. The terms of the non-cancelable lease call for annual rentals for years 1-5 amounting to \$194,568 and for years 6-10 amounting to \$210,648. The lease matures October 2019 with the Company having the ability to cancel the lease in year 6. Monthly lease payments are subject to escalations charges based on increases for real estate taxes and other operating expenses. For the year ended December 31, 2012, rent expense totaled approximately \$165,000. In addition, it is the practice of the firm that some individuals are either charged internally or make payments to the company for the use of space.

**License**

During September 2012, the Company negotiated a license agreement for office space in San Francisco, California, for two years ending in September 2014. Fixed charges to income are \$120,600 for the first twelve months and \$180,600 for the second twelve months. No other escalators apply.

**Note 7 - Subsequent Events**

The Company has evaluated subsequent events through February 26, 2013, the date of the financial statements were available for issuance.