

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

OMB APPROVAL
OMB Number 3235-0123
Expires: March 31, 2016
Estimated average burden
hours per response...12.00

to
9/11/14



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

SEC FILE NUMBER
8-35180

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 July 1, 2013 AND ENDING June 30, 2014
(MM/DD/YY) MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
Martinson & Company, Ltd.

OFFICIAL USE ONLY
FIRM ID. NO.

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

140 Barry Avenue North
(No. and Street)
Wayzata MN 55391
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Thomas Martinson
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Mayer Hoffman McCann P.C.
(Name - if individual, state last, first, middle name)
222 South 9th Street, Suite 1000 Minneapolis MN 55402
(Address) (City) (State) (Zip Code)

- CHECK ONE:
- Certified Public Accountant
 - Public Accountant
 - Accountant not resident in United States or any of its possessions

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
SEP -5 2014
DIVISION OF TRADING & MARKETS

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).

to
9/12/14

OATH OR AFFIRMATION

I, Thomas Martinson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Martinson & Company, Ltd. as of June 30, 2014, 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:



Thomas Martinson
Signature

President
Title

Theresa Andrus
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 15c-3-1 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).

MARTINSON & COMPANY, LTD.

FINANCIAL STATEMENTS

Year Ended June 30, 2014

CONTENTS

	Page
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	2
FINANCIAL STATEMENTS	
Statement of Financial Condition	3
Statement of Operations	4
Statement of Changes in Stockholder's Equity	5
Statement of Cash Flows	6
Notes to Financial Statements	7-10
SUPPLEMENTARY INFORMATION	
Computations Related to Net Capital Under Rule 15c 3-1 of the Securities Exchange Act of 1934	12
Computation of Basic Capital Requirements and Aggregate Indebtedness	13
Reconciliation with Company's Computations Related to Net Capital Under Rule 15c 3-3 of the Securities Exchange Act of 1934	14
Statement Pursuant to 15c 3-3 Securities Exchange Act of 1934	15
REPORT OF INDEPENDENT REGISTERED ACCOUNTANTS' REPORT ON INTERNAL ACCOUNTING CONTROL	16-17
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON MANAGEMENT STATEMENT REGARDING COMPLIANCE WITH CERTAIN PROVISIONS OF SEC RULE 17a-5	18
MANAGEMENT STATEMENT REGARDING COMPLIANCE WITH CERTAIN PROVISIONS OF SEC RULE 17a-5	19



Mayer Hoffman McCann P.C.

An Independent CPA Firm

1000 Campbell Mithun Tower
222 South Ninth Street
Minneapolis, Minnesota 55402
612-339-7811 ph
612-339-9845 fx
www.mhm-pc.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors

MARTINSON & COMPANY, LTD.

We have audited the accompanying balance sheet of Martinson & Company, Ltd. as of June 30, 2014, and the related statements of operations, stockholders' equity, and cash flows for the year ended June 30, 2014. 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 audits.

We conducted our audits 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. 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 audits provide 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 Martinson & Company, Ltd. as of June 30, 2014, and the results of its operations and its cash flows for the year ended June 30, 2014, in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in Schedules I, II, III and IV is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in Schedules I, II, III and IV has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in Schedules I, II, III and IV is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Mayer Hoffman McCann P.C.".

Minneapolis, Minnesota
August 27, 2014

MARTINSON & COMPANY, LTD.
STATEMENT OF FINANCIAL CONDITION

June 30, 2014

	<u>2014</u>
<u>ASSETS</u>	
ASSETS	
Cash	\$ 12,012
Deferred tax asset	3,218
TOTAL ASSETS	<u>\$ 15,230</u>
<u>LIABILITIES</u>	
LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 252
TOTAL LIABILITIES	<u>252</u>
<u>STOCKHOLDER'S EQUITY</u>	
CAPITAL CONTRIBUTED	
Common stock, par value \$.01, authorized 1,000 shares, issued and outstanding 1,000 shares	10
Additional paid-in capital	9,990
TOTAL CAPITAL CONTRIBUTED	<u>10,000</u>
RETAINED EARNINGS	<u>4,978</u>
TOTAL STOCKHOLDER'S EQUITY	<u>14,978</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 15,230</u>

See Notes to Financial Statements

MARTINSON & COMPANY, LTD.

STATEMENT OF OPERATIONS

Year Ended June 30, 2014

	<u>2014</u>
REVENUES	
Advisory services	\$ 18,087
GENERAL AND ADMINISTRATIVE EXPENSES	<u>17,503</u>
OPERATING INCOME (LOSS)	<u>584</u>
OTHER INCOME	
Interest Income	<u>2</u>
Total Other Income (Expense)	<u>2</u>
INCOME (LOSS) BEFORE INCOME TAXES	586
INCOME TAX EXPENSE (BENEFIT)	<u>135</u>
NET INCOME (LOSS)	<u><u>\$ 451</u></u>

See Notes to Financial Statements

MARTINSON & COMPANY, LTD.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

Year Ended June 30, 2014

	<u>Common Stock Issued</u>		<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
	<u>Shares</u>	<u>Amount</u>			
Balance, June 30, 2013	1,000	\$ 10	\$ 9,990	\$ 4,527	\$ 14,527
Net income (loss)				451	451
Balance, June 30, 2014	<u>1,000</u>	<u>\$ 10</u>	<u>\$ 9,990</u>	<u>\$ 4,978</u>	<u>\$ 14,978</u>

See Notes to Financial Statements

MARTINSON & COMPANY, LTD.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2014

	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income (loss)	\$ 451
Adjustments to reconcile net income (loss) to net cash flows from operating activities:	
Deferred income taxes	135
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	<u>(54)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>532</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>
NET INCREASE (DECREASE) IN CASH	<u>532</u>
CASH	
BEGINNING OF YEAR	<u>11,480</u>
END OF YEAR	<u><u>\$ 12,012</u></u>

See Notes to Financial Statements

MARTINSON & COMPANY, LTD.

NOTES TO FINANCIAL STATEMENTS

(1) Nature of business and significant accounting policies

Nature of business - Martinson & Company, Ltd. (the Company) provides investment banking and advisory services to corporate clients regarding strategic financial and general business matters. From time to time, the Company performs services for clients with revenues sufficient to define this client as a major client. While such relationships are considered significant relationships, the clients change annually. The Company's 2014 investment banking activities and advisory services were primarily performed on behalf of two clients each of which exceed ten percent of revenues.

Significant accounting policies:

Cash and cash equivalents - For purposes of reporting the statement of cash flows, the Company includes all cash accounts, which are not subject to withdrawal restrictions or penalties, as cash and cash equivalents on the accompanying statements of financial condition.

Accounts receivable - Accounts receivable are customer obligations due under normal trade terms requiring payment within 30 days of the invoice date. Unpaid accounts receivable which are past due are not charged a monthly service fee.

Accounts receivable are stated at the amount billed to the customer. Customer account balances with invoices dated over 90 days old are considered delinquent.

Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the oldest invoices on the customer's account.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the accounts that will not be collected. Management reviews all accounts receivable balances and determines an appropriate course of action on a delinquent account.

Revenue recognition - Investment banking fee income is recognized when earned, typically upon closing of the transaction. Income from consulting is recognized monthly upon completion of the services provided.

Income taxes - Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. The Company's temporary differences relate primarily to operating loss carryforwards. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company recognizes a liability for uncertain tax matters using a "more likely than not" threshold. Uncertain tax positions are identified and evaluated based on the likelihood

MARTINSON & COMPANY, LTD.

NOTES TO FINANCIAL STATEMENTS

(1) Nature of business and significant accounting policies (continued):

that the position will be sustained after scrutiny by the applicable taxing authority.

When tax positions do not meet the “more likely than not” threshold a cumulative probability assessment is performed in the aggregate to determine the estimated tax liability for all uncertain tax positions. Interest and penalties assessed, if any, are accrued as income tax expense. The Company’s assessment has not identified any significant positions that it believes would not be sustained under examination.

Concentration of credit risk - As a broker and dealer, the Company is engaged in various securities trading and brokerage activities servicing a diverse group of corporate and individual investors. The Company’s exposure to credit risk associated with the nonperformance of these customers in fulfilling their contractual obligations pursuant to securities, options and commodities transactions can be directly impacted by volatile securities markets, credit markets and regulatory changes which may impair the customer’s ability to satisfy their obligations to the Company.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events policy - Subsequent events have been evaluated through August 27, 2014 which is the date the financial statements were issued.

MARTINSON & COMPANY, LTD.

NOTES TO FINANCIAL STATEMENTS

(2) Income tax matters

The components of the income tax provision are as follows:

	<u>2014</u>
Current income taxes	
Federal income taxes	\$ 100
State and local income taxes	35
Tax benefit of net operating loss carryforward	<u>(135)</u>
Total current income tax (benefit) expense	<u>-</u>
Deferred income taxes	
Net operating loss carryforward	<u>135</u>
Total deferred income tax (benefit) expense	<u>135</u>
Total income tax (benefit) expense	<u>\$ 135</u>

The Company has federal and state net operating loss carryforwards of \$8,000 and \$19,000 respectively which begin to expire in 2022.

The Company files tax returns in the United States (U.S.) federal jurisdiction and in various state jurisdictions. Uncertain tax positions include those related to tax years that remain subject to examination. U.S. tax returns for the years ended June 30, 2010 through 2014 remain subject to examination. Tax returns for state jurisdictions for years ended June 30, 2010 through 2014 remain subject to examination.

The Company provides deferred income taxes to reflect the impact of temporary differences between the recorded amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws and regulations. The significant temporary differences and the related deferred tax assets and (liability) are as follows:

	<u>June 30,</u> <u>2014</u>
Net operating loss carryforward	\$ 3,218
Total deferred income taxes	<u>\$ 3,218</u>

(3) Related party

During the year ended 2014 the Company received support fees totaling \$7,500 from its shareholder. In addition, the Company, under a shared service agreement, reimbursed this related party for certain expenses of \$3,200. There are no amounts due to or from the related party.

MARTINSON & COMPANY, LTD.

NOTES TO FINANCIAL STATEMENTS

(4) Net capital requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital 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. In addition, restrictions may be imposed to prohibit equity withdrawals or cash dividends if the resulting net capital ratio would exceed 10 to 1. At June 30, 2014, the Company had net capital as defined by Rule 15c3-1 of \$11,760 which exceeds its required net capital of \$5,000 by \$6,760. The Company's ratio of aggregate indebtedness to net capital was .021 to 1 at June 30, 2014.

(5) Exemption

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission. Therefore, the Company is not required to make the periodic computation of reserve requirements for the exclusive benefit of customers.

SUPPLEMENTARY INFORMATION

MARTINSON & COMPANY, LTD
COMPUTATIONS RELATED TO NET CAPITAL UNDER RULE 15c 3-1
OF THE SECURITIES AND EXCHANGE ACT OF 1934
JUNE 30, 2014
COMPUTATION OF NET CAPITAL

Schedule I

1. Total ownership equity from Statement of Financial Condition		\$ 14,978
2. Deduct: ownership equity not allowable for net capital		
<hr/>		
3. Total ownership equity qualified for net capital		14,978
4. Add:		
a. Liabilities subordinated to claims of general creditors allowable in computation of net capital		0
b. Other (deductions) or allowable credits Deferred taxes on non-allowable assets		
<hr/>		
5. Total capital and allowable subordinated liabilities		14,978
6. Deduction and/or charges:		
a. Total non-allowable assets included in Statement of Financial Condition:	\$ 3,218	
b. Secured demand note deficiency	-	
c. Commodity futures contracts and spot commodities- proprietary capital charges	-	
d. Other deductions and/or charges contingent liability	<u>-</u>	3,218
7. Other additions and/or allowable credits:		
Deferred taxes on unrealized appreciation of investment securities		<u>0</u>
8. Net capital before haircuts on securities positions		11,760
9. Haircuts on securities:		
a. Contractual securities commitments		
b. Subordinated securities borrowings		
c. Trading and investment securities:		
i. Exempted securities		
ii. Debt securities		
iii. Options		
iv. Other securities	<u>-</u>	-
d. Undue concentration (illiquid investment securities)		-
e. Other		
<hr/>		
10. Net capital		\$ 11,760

MARTINSON & COMPANY, LTD

**COMPUTATIONS RELATED TO NET CAPITAL UNDER RULE 15c 3-1
OF THE SECURITIES AND EXCHANGE ACT OF 1934**

JUNE 30, 2014

**COMPUTATION OF BASIC CAPITAL REQUIREMENTS
AND AGGREGATE INDEBTEDNESS**

Schedule II

COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS

11. Minimum net capital required (6-2/3% of line 19)	\$	17
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries	\$	5,000
13. Net capital requirement (greater of line 11 or 12)	\$	5,000
14. Excess net capital (line 10 less 13)	\$	6,760

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities included in Statement of Financial Condition	\$	252
17. Add:		
a. Drafts for immediate credit		
b. Market value of securities borrowed for which no equivalent value is paid or credited		
c. Other unrecorded amounts contingent liability		-
19. Total aggregate indebtedness	\$	252
20. Ratio of aggregate indebtedness to capital (line 19 divided by line 10)		2.1%

MARTINSON & COMPANY, LTD

**RECONCILIATION WITH COMPANY'S COMPUTATIONS RELATED
TO NET CAPITAL UNDER RULE 15c 3-3 OF THE
SECURITIES EXCHANGE ACT OF 1934
(Included in Part IIA of Form X-17A-5 as of June 30, 2014)**

Schedule III

RECONCILIATION WITH COMPANY'S COMPUTATION OF NET CAPITAL

Net capital as reported in Part I of Form X-17A-5	\$	11,760
Differences in amount submitted not material		-
<hr/>		
Net capital as reported on line 10 of Schedule I	\$	11,760

RECONCILIATION WITH COMPANY'S COMPUTATION OF AGGREGATE INDEBTEDNESS

Total aggregate indebtedness as reported in Part IIA of Form X-17A-5	\$	252
Differences in amount submitted not material		-
<hr/>		
Total aggregate indebtedness as reported on line 19 of Schedule II	\$	252

MARTINSON & COMPANY, LTD

**STATEMENT PURSUANT TO 15c 3-3
SECURITIES EXCHANGE ACT OF 1934
JUNE 30, 2014**

Schedule IV

As more fully described in Note 5 of the notes to financial statements, the Company does not hold funds or securities of customers. Accordingly, the Company is exempt from the requirements to maintain a "Special Reserve Account for the Exclusive Benefit of Customers" and of possession and control under provisions of SEC Rule 15c 3-3 based on paragraph K(2)(i) of the rule.



Mayer Hoffman McCann P.C.

An Independent CPA Firm

1000 Campbell Mithun Tower
222 South Ninth Street
Minneapolis, Minnesota 55402
612-339-7811 ph
612-339-9845 fx
www.mhm-pc.com

**INDEPENDENT REGISTERED ACCOUNTANTS' REPORT
ON INTERNAL ACCOUNTING CONTROL**

To the Board of Directors
MARTINSON & COMPANY, LTD.
Wayzata, Minnesota

In planning and performing our audit of the financial statements of Martinson & Company, Ltd. (the Company), as of and for the year ended June 30, 2014, in accordance with accounting principles generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study during the period July 1, 2013 through May 31, 2014 of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), in the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.