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

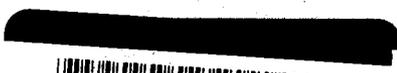
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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

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 01/01/13 AND ENDING 12/31/13
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **Auerbach Grayson and Company LLC**

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
25W 45th Street Suite 16

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)
New York NY 10036
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Mara Stempler (212) 453-3523
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

EisnerAmper LLP

(Name - if individual, state last, first, middle name)
750 Third Avenue New York NY 10017
(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)

CP
3/12/14

OATH OR AFFIRMATION

I, Mara Stempler, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Auerbach Grayson and Company LLC, as of December 31,, 2013, 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:

SHARON GAVIRIA
Notary Public, State of New York
No. 01GA6171383
Qualified in Nassau County
Commission Expires 07/23/2015

Sharon Gaviria
Notary Public

Mara Stempler
Signature
Chief Financial Officer
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).



AUERBACH GRAYSON AND COMPANY LLC

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2013

AUERBACH GRAYSON AND COMPANY LLC

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INDEPENDENT AUDITORS' REPORT

To the Managing Member of Auerbach Grayson and Company LLC

Report on the Financial Statement

We have audited the accompanying statement of financial condition of Auerbach Grayson and Company LLC, as of December 31, 2013 that is filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the statement of financial condition.

Management's Responsibility for the Financial Statement

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 the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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 entity'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 entity'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 statement of financial condition referred to above presents fairly, in all material respects, the financial position of Auerbach Grayson and Company LLC as of December 31, 2013 in accordance with accounting principles generally accepted in the United States of America.

New York, New York
February 26, 2014

AUERBACH GRAYSON AND COMPANY LLC**Statement of Financial Condition**December 31, 2013

ASSETS

Cash	\$ 9,370,208
Due from broker	416,444
Commissions receivable	791,001
Furniture, equipment and leasehold improvements - net of accumulated depreciation and amortization of \$775,736	182,621
Other assets	<u>288,963</u>
Total assets	<u>\$ 11,049,237</u>

LIABILITIES AND MEMBERS' EQUITY**LIABILITIES**

Commissions payable	\$ 170,967
Accounts payable and accrued expenses	540,564
Deferred rent	<u>120,581</u>
Total liabilities	<u>832,112</u>

Commitments

Members' equity	<u>10,217,125</u>
Total liabilities and members' equity	<u>\$ 11,049,237</u>

The accompanying notes are an integral part of the statement of financial condition.

AUERBACH GRAYSON AND COMPANY LLC

Notes to Statement of Financial Condition

December 31, 2013

1. NATURE OF BUSINESS

Auerbach Grayson and Company LLC (the "Company"), a Delaware corporation, is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). The Company's primary business is to provide direct execution of foreign securities to major U.S. institutions through specialized non-U.S. brokers in accordance with the Securities Exchange Act Rule 15a-6.

Capitalized items refer to defined terms in the limited liability operating agreement (the "Agreement").

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The statement of financial condition of the Company was prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Revenue Recognition

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

Fee Income

Fee income is earned for miscellaneous services provided to its customers and is recorded when the income is reasonably determinable.

Cash and cash equivalents

The Company maintains cash in bank accounts which at times may exceed federally insured limits or where no insurance is provided. In the event of a financial institution's insolvency, the recovery of assets may be limited.

Use of Estimates

The preparation of the statement of financial condition in conformity with US GAAP requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial condition. Actual results could differ from those estimates.

Depreciation and Amortization

Depreciation of furniture and equipment is computed on the straight-line method of using estimated useful lives of five to seven years. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease.

AUERBACH GRAYSON AND COMPANY LLC

Notes to Statement of Financial Condition

December 31, 2013

3. FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Furniture, equipment and leasehold improvements included on the statement of financial condition consist of the following:

Furniture and equipment	\$	666,640
Leasehold improvements		<u>291,717</u>
		958,357
Less accumulated depreciation and amortization		<u>(775,736)</u>
	\$	<u>182,621</u>

4. COMMITMENTS

The Company leases office space pursuant to a lease agreement expiring July 31, 2015. Rental payments plus escalation for real estate taxes are payable monthly. The Company's minimum rental commitments over the next two years are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$597,758
2015	353,725

The difference between rent expense incurred and the amount paid is recorded as a liability for deferred rent. At December 31, 2013, there was deferred rent of \$120,581.

The Company established a letter of credit that expires August 31, 2015 in the amount of \$121,388. As of December 31, 2013, none of this amount has been drawn upon by the Company.

5. INCOME TAXES

The Company is a limited liability company, and is taxed as a partnership. Each member is individually responsible for its share of the Company's income or loss for income tax reporting purposes. Accordingly, the Company has no provision for federal and state income taxes. The Company is subject to New York City unincorporated business tax. For the year ended December 31, 2013, the Company had no unincorporated business tax expense.

The Company may recognize tax benefits from any uncertain positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Company's policy is to recognize accrued interest and penalties in other expenses. The Company has not recognized in these financial statements any interest or penalties related to income taxes, and has no material unrecognized tax benefits. With few exceptions, the Company is no longer subject to U.S. federal, state or local income tax examinations by tax authorities for years ending prior to December 31, 2010.

AUERBACH GRAYSON AND COMPANY LLC

Notes to Statement of Financial Condition

December 31, 2013

5. INCOME TAXES (CONTINUED)

Tax laws are complex and subject to different interpretations by the taxpayer and taxing authorities. Significant judgment is required when evaluating tax provisions and related uncertainties. Future events such as changes in tax legislation could require a provision for income taxes.

6. PROFIT SHARING PLAN

The Company maintains a defined contribution plan covering substantially all employees. The Company contributes annually at the discretion of management. The Company's maximum contribution is one half of the employees' contribution up to 5% of the eligible compensation. As of December 31, 2013, the Company did not have any accrued liabilities to the plan.

7. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET CREDIT RISK

In the normal course of business as a securities broker, the Company is engaged in buying and selling securities for a diverse group of institutional investors. The Company's transactions are collateralized and are executed with and on behalf of banks, brokers and dealers and other financial institutions. The Company introduces these transactions for clearance to non-US broker-dealers pursuant to the provisions of paragraph (k)(2)(i) of Rule 15c3-3.

The Company's exposure to credit risk associated with non-performance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets, which may impair customers' ability to satisfy their obligations to the Company and the Company's ability to liquidate the collateral at an amount equal to the original contracted amount.

8. MEMBERS' EQUITY

All of the legal and equitable ownership interests of the members in the Company, including interests in profits, losses, distributions and other amounts specified in the Agreement, as well as all the rights of the members, if applicable, to vote, consent or approve with respect to any matter affecting the Company, shall be denominated in shares of interest in the Company or fractions thereof. There are currently five classes of shares as set forth below:

- (i) Class A shares are entitled to one vote per share and have all of the voting powers and rights with respect to any matters affecting the Company. Class A shares are entitled to distributions in accordance with the Agreement.
- (ii) Class B shares are the equivalent to Class A shares without the voting rights.
- (iii) Voting Convertible Preferred shares are entitled to one vote per Class A share into which such Convertible Preferred shares are convertible and have the right to vote together with the Class A shares on an as-converted basis on all matters for which the Class A shares are entitled to vote. Voting Convertible Preferred shares are entitled to distributions in accordance with the Agreement.

AUERBACH GRAYSON AND COMPANY LLC
Notes to Statement of Financial Condition
December 31, 2013

8. MEMBERS' EQUITY (CONTINUED)

- (iv) Non-Voting Convertible Preferred shares are the equivalent to Voting Convertible Preferred shares without the voting rights.
- (v) Profits shares are entitled to one vote per Profits share and have the right to vote together with the Class A shares on an as-converted basis on all matters for which the Class A shares are entitled to vote. Profits shares are entitled to distributions in accordance with the Agreement.

The Company allocates income to its members according to the manner of distribution as defined in the Agreement.

9. NEW MEMBER INVESTMENT

Strategic Investment I, Inc., an affiliate of Morgan Stanley, made a cash investment in the Company in March 2013.

10. NET CAPITAL REQUIREMENTS

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the percentage of aggregate indebtedness to net capital, both as defined, shall not exceed 1500%. At December 31, 2013, the Company had net capital of \$9,623,203, which was \$9,373,203 in excess of its required net capital of \$250,000. The Company's net capital percentage was 7.09%.

The Company claims exemption from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 pursuant to paragraphs (k)(2)(i) and (k)(2)(ii) of such rule.