

7/9/14



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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

SEC FILE NUMBER
8-24626

SECURITIES AND EXCHANGE COMMISSION
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REGISTRATIONS BRANCH

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: Security Research Associates, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

100 Pine Street, Suite 605

(No. and Street)

San Francisco

California

94111

(City)

(State)

(Zip Code)

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

TIMOTHY COLLINS

(415) 590-4333

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Cropper Accountancy Corporation

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

2977 Ygnacio Valley Rd., #460 Walnut Creek,

California

94598

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

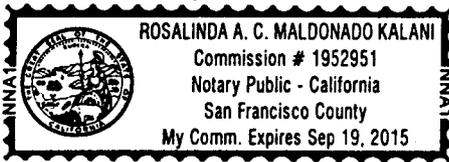
FOR OFFICIAL USE ONLY

*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)

9/19/14

OATH OR AFFIRMATION

I, Timothy Collins, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Security Research Associates, Inc. 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:



[Signature]
Signature
President
Title

Rosalinda A. C. Maldonado Kalani
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).



SECURITY RESEARCH ASSOCIATES, INC.
FINANCIAL STATEMENTS AND SCHEDULES
JUNE 30, 2014

TABLE OF CONTENTS

	<u>Page No.</u>
Report of Independent Registered Public Accounting Firm	1
Statement of Financial Condition	2
Statement of Income	3
Statement of Changes in Shareholders' Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6 – 11
Supplementary Information	
Schedule I – Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission	12
Report of Independent Registered Public Accounting Firm	13
Exemption Report Pursuant to SEC Rule 17 A-5	14
Independent Auditors' Report on Applying Agreed-Upon Procedures to an Entity's SIPC Assessment Reconciliation	15 – 16
Schedule of Assessment and Payment (Form SIPC – 7)	17 – 18



office location
2700 Ygnacio Valley Rd, Ste 230
Walnut Creek, CA 94598
(925) 932-3860 tel

mailing address
2977 Ygnacio Valley Rd, PMB 460
Walnut Creek, CA 94598
(925) 476-9930 efax

www.cropperaccountancy.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Security Research Associates, Inc.
San Francisco, California

We have audited the accompanying financial statements of Security Research Associates, Inc. (a California corporation), which comprise the statement of financial condition as of June 30, 2014, and the related statements of income, changes in shareholders' equity, and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements and supplemental information. Security Research Associates, Inc.'s management is responsible for these financial statements. 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. 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 condition of Security Research Associates, Inc. as of June 30, 2014, 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.

The supplementary schedule (Schedule I), as listed on the table of contents, has been subjected to audit procedures performed in conjunction with the audit of Security Research Associates, Inc.'s financial statements. The supplemental information is the responsibility of Security Research 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 Rule 17a-5 of the Securities Exchange Act of 1934. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Cropper Accountancy Corporation
CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
August 26, 2014



SECURITY RESEARCH ASSOCIATES, INC.
Statement of Financial Condition
June 30, 2014

ASSETS

Cash and cash equivalents	\$ 213,514
Deposits with Wedbush	50,000
Accounts receivable	37,274
Securities not readily marketable	129,229
Prepays and deposits	22,848
Due from related parties	1,964
Furniture, equipment, and leasehold improvements, net of accumulated depreciation and amortization of \$62,625	<u>11,366</u>
Total Assets	<u>\$ 466,195</u>

LIABILITIES AND SHAREHOLDERS EQUITY

Liabilities:	
Accounts payable	\$ 19,869
Payroll liabilities	158,510
Other accruals	<u>1,175</u>
Total Liabilities	<u>179,554</u>
Shareholders Equity	
Common stock - no par value - 100,000 shares authorized, 20,238 issued and outstanding	165,000
Paid in capital	163,203
Retained earnings (deficit)	<u>(41,562)</u>
Total Company equity	<u>286,641</u>
Total Liabilities and Company Equity	<u>\$ 466,195</u>

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

SECURITY RESEARCH ASSOCIATES, INC.

Statement of Income

For the Year Ended June 30, 2014

REVENUES:

Broker commissions	\$	193,277
Investment banking		888,284
Investment income		199,424
Miscellaneous income		<u>2,455</u>
Total revenue	\$	<u>1,283,440</u>

EXPENSES:

Commissions	\$	706,459
Employee related		129,702
Occupancy & office supplies		92,644
Professional fees		59,805
Clearance paid to brokers		28,878
Regulatory costs		27,235
Computer expenses		24,099
Travel related		10,902
Insurance		4,390
Communications		4,219
Depreciation		2,884
Taxes: state and local		1,620
Interest		1,416
Other		<u>13,053</u>
Total expenses	\$	<u>1,107,306</u>

NET INCOME \$ 176,134

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

SECURITY RESEARCH ASSOCIATES, INC.
Statement of Changes in Shareholders' Equity
For the Year Ended June 30, 2014

	Common Stock	Paid-In Capital	Retained Earnings (Deficit)	Total Shareholders' Equity
Balance - June 30, 2013	\$ 165,000	\$ 163,203	\$ (217,696)	\$ 110,507
Net income (loss)	-	-	176,134	176,134
Stock issued	-	-	-	-
Balance - June 30, 2014	<u>\$ 165,000</u>	<u>\$ 163,203</u>	<u>\$ (41,562)</u>	<u>\$ 286,641</u>

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

SECURITY RESEARCH ASSOCIATES, INC.

Statement of Cash Flows
For the Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income (loss)	\$ 176,134
<i>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</i>	
Depreciation expense	2,884
<i>Changes in assets and liabilities:</i>	
<i>(Increase) decrease in operating assets</i>	
Deposits in Wedbush	(20)
Accounts receivable	3,926
Securities not readily marketable	(128,995)
Deposits and prepaid expenses	623
Due from related parties	(1,964)
<i>Increase (decrease) in operating liabilities</i>	
Accounts payable and accrued liabilities	(8,581)
Payroll related liabilities	<u>152,712</u>
Net cash provided by operating activities	<u>196,719</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Additions to fixed assets	<u>(4,266)</u>
Net cash used in investing activities	<u>(4,266)</u>
NET INCREASE IN CASH	192,453
CASH AT BEGINNING OF YEAR	<u>21,061</u>
CASH AT END OF YEAR	<u><u>\$ 213,514</u></u>
Supplementary cash flow information	
Income taxes paid	<u><u>\$ 800</u></u>
Interest paid	<u><u>\$ 1,416</u></u>

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

SECURITY RESEARCH ASSOCIATES
Notes to Financial Statements
June 30, 2014

1. General Information and Summary of Significant Accounting Policies

Nature of Operations

Security Research Associates, Inc. (the “Company”) was incorporated January 29, 1980. The Company is a licensed securities broker-dealer registered with the Securities and Exchange Commission (the “SEC”) and the Financial Industry Regulation Authority (the “FINRA”), and is engaged in investment banking and the sale of marketable securities, primarily in Northern California.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting wherein income is recognized as earned and expenses are recognized when incurred.

Security Transactions and Commissions

In accordance with industry practice, securities transactions and related commission revenues and expenses are recorded on a settlement date basis. The Company has entered into contracts with Wedbush Morgan Securities, who has agreed to act as clearing brokers on a fully disclosed basis for all the Company’s dealings with customers’ securities accounts. Accordingly, the Company has no direct receivables or payables to customers or brokers as a result of customer securities transactions.

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Customers’ securities transactions are reported on a settlement date basis.

Marketable securities are valued at fair value in accordance with GAAP. Securities not readily marketable include securities for which there is not a market on a securities exchange or an independent publicly quoted market, and securities which cannot be offered or sold because of restriction on the transfer of the security are carried at estimated fair value as determined by the Board of Directors.

Investment Banking

Investment banking revenues include gains, losses, and fees, net of syndicate expenses, arising from securities offerings in which the Company acts as an underwriter or agent. Investment banking revenues also include fees earned from providing merger-and-acquisition and financial restructuring advisory services. Investment banking management fees are recorded on offering date, sales concessions on settlement date, and underwriting fees at the time the underwriting is completed and the income is reasonably determined.

SECURITY RESEARCH ASSOCIATES, INC.
Notes to Financial Statements
June 30, 2014

1. General Information and Summary of Significant Accounting Policies (continued)

Commissions

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

Furniture and Equipment and Depreciation

Furniture and equipment with a cost basis in excess of \$1,500 are capitalized and stated at cost. Depreciation is provided on a straight-line basis using estimated useful lives of three to ten years.

Normal repairs and maintenance, including website maintenance, computer hardware, replacement parts, or computer software upgrades are expensed as incurred.

Depreciation is computed on the straight-line method over estimated useful lives as follows:

Computer software	3 years
Equipment	5 years
Furniture	7 years

Income Taxes

The Company provides taxes on those due currently and those deferred to future periods as of the date of the financial statements, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are not recognized in the financial statements because there are no changes in deferred tax liabilities or assets between years.

Concentrations of Risk

Substantially all of the Company's cash is on deposit at one financial institution and the balance at times may exceed the federally insured limit. Due to the strong credit rating of this financial institution, the Company believes it is not exposed to any significant credit risk to cash. The Company considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. GAAP 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.

SECURITY RESEARCH ASSOCIATES
Notes to Financial Statements
June 30, 2014

1. General Information and Summary of Significant Accounting Policies (continued)

Commitments and Contingencies

Accordingly to an indemnification clause in the Company's clearing agreement, should the Company's customers fail to settle security transactions, the Company will indemnify the clearing broker-dealer to the extent of the net loss on the unsettled trade. As of June 30, 2014, the Company had not been notified by the clearing broker-dealer, nor was management aware, of any potential losses.

Subsequent Events

Management has evaluated events through August 26, 2014, the date on which the financial statements were available to be issued. No events have occurred subsequent to year-end that require adjustment to or disclosure in the financial statements.

2. Fair Value Measurements

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- 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 for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.

Additionally, U.S. GAAP requires enhanced disclosure regarding instruments in the Level 3 category (which have inputs to the valuation techniques that are unobservable and require significant management judgment).

SECURITY RESEARCH ASSOCIATES, INC.
Notes to Financial Statements
June 30, 2014

2. Fair Value Measurements (continued)

The following table presents the Company's fair value hierarchy for those assets (and corresponding liabilities) measured at fair value on a recurring basis as of June 30, 2014:

<u>Security Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>Restricted Warrants</i>				
Flux Holdings (FLUX)	\$ -	\$ 142,620	\$ -	\$142,620
Wave Systems (WAVX)	-	3,794	-	3,794
<i>Unrestricted Warrants</i>				
Wave Systems (WAVX)	12,785	-	-	12,785
Accelerize (ACLZ)	11,000	-	-	11,000
Imaginetix (IAGXQ)	3,725	-	-	3,725
Total Warrants Fair Value	<u>27,510</u>	<u>146,414</u>	<u>-</u>	<u>173,924</u>
<i>Unrestricted Stock</i>				
Wellness Center (WCUI)	3,851	-	-	3,851
Blue Earth (BBLU)	24,500	-	-	24,500
Findex (FIND)	150	-	-	150
<i>Restricted Stock</i>				
Novint (NVNT)	-	21	-	21
Pure Water (private)	-	-	1,000	1,000
Unknown difference	-	-	150	150
Total Stock Fair Value	<u>28,501</u>	<u>21</u>	<u>1,150</u>	<u>29,672</u>
Fair value before Discounts	<u>56,011</u>	<u>146,435</u>	<u>1,150</u>	<u>203,596</u>
<i>Discounts</i>				
Level 1 (0%)	-	-	-	-
Level 2 (50%)	-	(73,217)	-	(73,217)
Level 3 (100%)	-	-	(1,150)	(1,150)
Total Warrants/Stocks	<u>\$ 56,011</u>	<u>\$ 73,218</u>	<u>\$ -</u>	<u>\$129,229</u>

The Company received \$43,068 in proceeds from the sale of securities, all of which were gross realized gains on these sales included in investment income on the Statement of Income.

SECURITY RESEARCH ASSOCIATES
Notes to Financial Statements
June 30, 2014

3. Restricted Deposit

The Company has deposited \$50,000 with Wedbush Morgan Securities as security for its transactions with them. Interest on the deposit is paid on a monthly basis at the average overnight repurchase agreement rate.

4. Lease Commitment

The Company leases its offices under the terms of noncancelable operating leases which expire in December 2016. Minimum rental payments for the next three years are:

Fiscal <u>Year- end</u>	
6/30/2015	\$ 59,341
6/30/2016	61,119
6/30/2017	<u>31,010</u>
Total	<u>\$ 151,470</u>

5. Pension Plan

The Company has established a 401(k) pension plan which covers all employees with over one year of service. Under the terms of the plan, the Company is required to make a safe harbor contribution of 3%. For the fiscal year ended June 30, 2014, this amounted to \$1,046.

6. Net Capital Requirement

As a registered broker and dealer in Securities, the Company is subject to the Securities Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires the ratio of aggregate indebtedness to net capital as defined, shall not exceed 15 to 1. The Company had a ratio of 1.94 to 1 at June 30, 2014. Both aggregate indebtedness and net capital change from day to day. At June 30, 2014, the Company had net capital as defined of \$92,397, which exceeded the minimum requirement of \$11,970 by \$80,427.

7. Income Taxes

The company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

SECURITY RESEARCH ASSOCIATES, INC.
Notes to Financial Statements
June 30, 2014

7. Income Taxes (continued)

Currently, the Company has a net operating loss (NOL) carryforward that can be used to offset taxable income in future years. The federal carryforward amount is \$79,377 and expires in 2033. The state NOL is \$145,793 and expires in 2032 (\$42,272) and 2033 (\$103,521).

No asset is recorded in the financial statements for a deferred tax asset.

8. Fixed Assets

At June 30, 2014 the fixed assets were as follows:

Furniture and equipment	\$ 73,991
Depreciation of furniture and equipment	<u>(62,625)</u>
Total fixed assets and leasehold improvements	<u>\$ 11,366</u>

Furniture and equipment are stated at cost, and are being depreciated on a straight-line basis over the estimated useful lives of the related assets.

SUPPLEMENTARY INFORMATION

SECURITY RESEARCH ASSOCIATES, INC.
Schedule I
Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission
June 30, 2014

Company equity (as adjusted)		\$ 286,641
<i>Assets not allowed for net capital purposes:</i>		
Accounts receivable	(30,801)	
Deposits and prepaid assets	(22,848)	
Net furniture and equipment	<u>(11,366)</u>	(65,015)
100% haircut on securities (warrants)		<u>(129,229)</u>
Total net capital		92,397 A
<i>Minimum net capital required:</i>		
Greater of 6-2/3% of aggregate indebtedness (\$179,554) or \$5,000		<u>11,970</u>
Net capital in excess of requirement		<u>\$ 80,427</u>
Aggregate indebtedness (total liabilities)		<u>\$ 179,554 B</u>
Ratio of aggregate indebtedness (\$179,554) to net capital (\$92,397)		<u>1.94 to 1</u>
	B	A

Reconciliation of above net capital to FOCUS Report filed:

	<u>Aggregate Indebtedness</u>	<u>Net Capital</u>	<u>Ratio AI/NC</u>
Per submitted computation	\$ 178,754	\$ 249,312	0.72 to 1
Change in accrued liabilities	800	(800)	
Haircut on securities	-	(156,115)	
Per statements as finalized	<u>\$ 179,554</u>	<u>\$ 92,397</u>	1.94 to 1



office location
2700 Ygnacio Valley Rd, Ste 230
Walnut Creek, CA 94598
(925) 932-3860 tel

mailing address
2977 Ygnacio Valley Rd, PMB 460
Walnut Creek, CA 94598
(925) 476-9930 efax

www.cropperaccountancy.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
of Security Research Associates, Inc.
San Francisco, California

We have reviewed management's statements, included in the accompanying Exception Report Pursuant to SEC Rule 17A-5, in which (1) Security Research Associates, Inc. (the "Company") identified the following provision of 17 C.F.R. §15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3: (2) (ii) (the "exemption provisions") and (2) the Company stated that the Company met the identified exemption provisions throughout the most recent fiscal year without exception. The Company 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.

Cropper Accountancy Corporation
CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
August 26, 2014

EXEMPTION REPORT PURSUANT TO SEC RULE 17 A-5

Security Research Associates, Inc. claims an exemption from 17 C.F.R. §240.15c3-3 under provision 2(ii) in paragraph (k).

Security Research Associates, Inc. met the exemption provisions identified above throughout the year ended June 30, 2014 without exception.

INDEPENDENT AUDITORS' REPORT ON APPLYING AGREED-UPON
PROCEDURES TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION

To the Board of Directors
SECURITY RESEARCH ASSOCIATES, INC.
San Francisco, California

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended June 30, 2014, which were agreed to by SECURITY RESEARCH ASSOCIATES, INC. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC, and other designated examining authorities, solely to assist you and the other specified parties in evaluating SECURITY RESEARCH ASSOCIATES, INC.'s compliance with the applicable instructions of Form SIPC-7. SECURITY RESEARCH ASSOCIATES, INC.'s management is responsible for compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended June 30, 2014, as applicable, with the amounts reported in Form SIPC-7 for that period, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences;
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting no differences;

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Cropper Accountancy Corporation
CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
August 26, 2014

SIPC-7

(33-REV 7-10)

SECURITIES INVESTOR PROTECTION CORPORATION
P.O. Box 92185 Washington, D.C. 20090-2185
202-371-8300

General Assessment Reconciliation

For the fiscal year ended 6/30/2014

Read carefully the instructions in your Working Copy before completing this Form.

SIPC-7

(33-REV 7-10)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

024626 FINRA JUN
SECURITY RESEARCH ASSOCIATES INC
100 PINE ST STE 605
SAN FRANCISCO CA 94111-5108

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

John Durden (925) 447-7660

- A. General Assessment (item 2e from page 2): \$ 2725.61
- B. Less payment made with SIPC-6 filed (exclude interest): 1165.00
- 2-1-2014
Date Paid
- C. Less prior overpayment applied: (_____)
- D. Assessment balance due or (overpayment) 1560.61
- E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum _____
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 1560.61
- G. PAID WITH THIS FORM:
Check enclosed, payable to SIPC
Total (must be same as F above) \$ 1560.61
- H. Overpayment carried forward \$(_____)

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Security Research Associates Inc
(Name of Corporation, Partnership or other organization)

Dated the _____ day of _____, 20____.

(Authorized Signature)
Financial Principal
(Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER Dates: Postmarked Received Reviewed

Calculations: _____ Documentation: _____ Forward Copy: _____

Exceptions: _____

Disposition of exceptions: _____

**DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT**

Amounts for the fiscal period
beginning 7/1/2013
and ending 6/30/2014

Item No.

2a. Total revenue (FOCUS Line 12-Part IIA Line 9 Code 4030)

Eliminate cents
\$ 1,356,411 -

2b Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts
- (3) Net loss from principal transactions in commodities in trading accounts
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

_____ 0 _____

Total additions

2c Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business.
(See Instruction C).

28,878 -

296,289 -

1000 -

NEW
Deductions in excess of \$100,000 require documentation)

(9) (i) Total interest and dividend expense (FOCUS Line 22 PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income. \$ _____

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960) \$ _____

Enter the greater of line (i) or (ii)

Total deductions

266,167 -
\$ 1,090,244 -
\$ 272,561

2d SIPC Net Operating Revenues

2e General Assessment @ 0025

HC page 1 line 2 A