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

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

OMB APPROVAL table with OMB Number, Expires, and Estimated average burden.

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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 01/01/2013 AND ENDING 12/31/2013 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Woodstock Financial Group, Inc.

OFFICIAL USE ONLY table with FIRM I.D. NO.

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

117 Towne Lake Parkway, Suite 200

(No. and Street)

Woodstock

Georgia

30188

(City)

(State)

(Zip Code)

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

William J. Raike, III

(770) - 516-6996

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Accell Audit and Compliance, P.A.

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

4868 West Gandy Boulevard

Tampa

Florida

33611

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Checked box: 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)

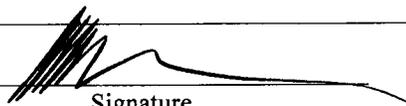
SEC 1410 (06-02)

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Handwritten signature/initials

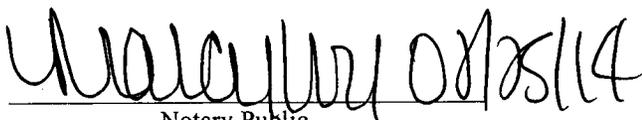
OATH OR AFFIRMATION

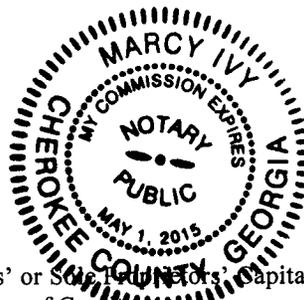
I, William J. Raike, III, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Woodstock Financial Group, Inc., as of December 31, 2013, are true and correct. I further swear (or affirm) that neither the 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:


Signature

President and CEO

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).



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL UNDER SEC RULE 17A-5(g)(1)

To the Board of Directors
Woodstock Financial Group, Inc.
Woodstock, Georgia

In planning and performing our audit of the financial statements of Woodstock Financial Group, Inc. (the "Company") as of and for the years ended December 31, 2013 and 2012, in accordance with auditing standards 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 audit 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 of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

- 1) Making quarterly securities examinations, counts, verifications, and comparisons and 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2013, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Accell Audit & Compliance, PA

Tampa, Florida
February 26, 2014



INDEPENDENT ACCOUNTANTS' AGREED-UPON PROCEDURES REPORT
ON SCHEDULE OF ASSESSMENT AND PAYMENTS (FORM SIPC-7)

To the Board of Directors
Woodstock Financial Group, Inc.
Woodstock, Georgia

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 December 31, 2013, which were agreed to by Woodstock Financial Group, Inc. (the "Company"), and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and the SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of Form SIPC-7. The Company's management is responsible for the Company's 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 (check copies and general ledger) noting no differences;
- 2) Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2013, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2013, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers derived from the general ledger, noting no differences;
- 4) Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers derived from the general ledger that supported the adjustments noting no differences; and

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.

Accell Audit & Compliance, PA

Tampa, Florida
February 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

SIPC-7

(33-REV 7/10)

For the fiscal year ended 12/31/2013
(Read carefully the instructions in your Working Copy before completing this Form)

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:

048080 FINRA DEC
WOODSTOCK FINANCIAL GROUP INC 13*13
117 TOWNE LAKE PKWY STE 200
WOODSTOCK GA 30186-4631

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.

- A. General Assessment (item 2e from page 2) \$ 21,258
- B. Less payment made with SIPC-6 filed (exclude interest) (9,118)
07/30/13
Date Paid
- C. Less prior overpayment applied (_____)
- D. Assessment balance due or (overpayment) 12,140
- 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) \$ 12,140
- G. PAID WITH THIS FORM:
Check enclosed, payable to SIPC
Total (must be same as F above) \$ _____
- 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.

Woodstock Financial Group Inc.
(Name of Corporation, Partnership or other organization)

[Signature]
(Authorized Signature)
CFO
(Title)

Dated the 23 day of January, 20 14.

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 1/1/2013
and ending 12/31/2013

Item No.:

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

Eliminate cents
\$ 9,409,949

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.

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):

625,279

119,706

111,583

(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

2d. SIPC Net Operating Revenues

906,568
\$ 8,503,381

2e. General Assessment @ .0025

\$ 21,258
(to page 1, line 2.A.)

WOODSTOCK FINANCIAL GROUP, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2013 AND 2012

(WITH INDEPENDENT AUDITORS' REPORT)





INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholder
Woodstock Financial Group, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Woodstock Financial Group, Inc. (a Georgia corporation, and hereafter referred to as the "Company"), which comprise the statement of financial condition as of and for the years ended December 31, 2013 and 2012, and the related statements of operation, changes in shareholder's 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements 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 statements are 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 statements, 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 statements 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 statements.

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 statements referred to above present fairly, in all material respects, the financial position of Woodstock Financial Group, Inc. as of December 31, 2013, 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.



Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in Schedules I and II 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 and II 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 and II is fairly stated in all material respects in relation to the financial statements as a whole.

Accell Audit & Compliance, PA

Tampa, Florida
February 26, 2014

**WOODSTOCK FINANCIAL GROUP, INC.
STATEMENTS OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2013 AND 2012**

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 475,166	\$ 492,512
Clearing deposit	125,043	125,018
Commissions receivable	599,940	306,206
Furniture, fixtures, and equipment, at cost, net of accumulated depreciation of \$21,480 and \$20,537, respectively	9,865	14,557
Other assets	169,677	141,671
Total assets	\$ 1,379,691	\$ 1,079,964
LIABILITIES AND SHAREHOLDER'S EQUITY		
Liabilities:		
Accounts payable	\$ 152,850	\$ 130,882
Commissions payable	487,100	244,885
Deferred revenue	206,250	281,250
Other liabilities	44,159	60,181
Total liabilities	890,359	717,198
Commitments		
Shareholder's equity:		
Common stock, \$.01 par value; 10,000 shares authorized; 1,000 shares issued and outstanding	10	10
Additional paid-in capital	852,835	623,335
Retained earnings	(363,513)	(260,579)
Total shareholder's equity	489,332	362,766
Total liabilities and shareholder's equity	\$ 1,379,691	\$ 1,079,964

See accompanying notes to financial statements and Independent Auditors' Report.

WOODSTOCK FINANCIAL GROUP, INC.
STATEMENTS OF OPERATION
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
OPERATING INCOME		
Commissions	\$ 7,766,986	\$ 8,025,506
Interest income	200,883	260,303
Net realized gain on securities	-	156,113
Other fees and income	<u>1,442,080</u>	<u>1,138,165</u>
Total operating income	<u>9,409,949</u>	<u>9,580,087</u>
OPERATING EXPENSES		
Commissions to brokers	6,779,785	7,033,344
Selling, general, and administrative expenses	2,549,046	2,515,720
Compensation on trading profit	-	131,559
Clearing costs	182,160	167,067
Interest expense	<u>1,892</u>	<u>27,231</u>
Total operating expenses	<u>9,512,883</u>	<u>9,874,921</u>
Net loss	<u>\$ (102,934)</u>	<u>\$ (294,834)</u>

See accompanying notes to financial statements and Independent Auditors' Report.

**WOODSTOCK FINANCIAL GROUP, INC.
STATEMENTS OF SHAREHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Common Stock Shares</u>	<u>Common Stock Value</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total Shareholder's Equity</u>
December 31, 2011	1,000	\$ 10	\$ 699,835	\$ 34,255	\$ 734,100
Distributions to parent company	-	-	(76,500)	-	(76,500)
Net loss	-	-	-	(294,834)	(294,834)
December 31, 2012	<u>1,000</u>	<u>10</u>	<u>623,335</u>	<u>(260,579)</u>	<u>362,766</u>
Net cash contributions/(distributions) to parent company	-	-	229,500	-	229,500
Net loss	-	-	-	(102,934)	(102,934)
Ending balance, December 2013	<u>1,000</u>	<u>\$ 10</u>	<u>\$ 852,835</u>	<u>\$ (363,513)</u>	<u>\$ 489,332</u>

See accompanying notes to financial statements and Independent Auditors' Report.

WOODSTOCK FINANCIAL GROUP, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Net loss	\$ (102,934)	\$ (294,834)
Adjustments to reconcile net loss to net cash flows from operating activities		
Depreciation	4,692	10,570
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in operating assets and liabilities		
Clearing deposit	(25)	56,166
Realized trading profit and interest receivable	-	6,486
Commissions receivable	(293,734)	689,982
Other assets	(28,006)	(44,153)
Accounts payable	21,968	81,310
Commissions payable	242,215	(630,877)
Deferred revenue	(75,000)	(75,000)
Other liabilities	(16,022)	54,955
Net cash from operating activities	<u>(246,846)</u>	<u>(145,395)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash contributions/distributions to parent company	<u>229,500</u>	<u>(76,500)</u>
Net cash from financing activities	<u>229,500</u>	<u>(76,500)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(17,346)	(221,895)
CASH AND CASH EQUIVALENTS, beginning of year	<u>492,512</u>	<u>714,407</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 475,166</u>	<u>\$ 492,512</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS		
Securities inventory obtained via financing through Southwest Securities, Inc.	<u>\$ -</u>	<u>\$ 14,687,531</u>
Satisfaction of liability for securities inventory sold via Southwest Securities, Inc.	<u>\$ -</u>	<u>\$ 15,171,174</u>
SUPPLEMENTAL DISCLOSURE OF CASH PAID FOR INTEREST	<u>\$ 1,892</u>	<u>\$ 27,231</u>

See accompanying notes to financial statements and Independent Auditors' Report.

WOODSTOCK FINANCIAL GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 DESCRIPTION OF BUSINESS

Woodstock Financial Group, Inc. (the "Company" or "WFG") is a full service securities brokerage firm, which was incorporated in January 2010. The Company is registered as a broker-dealer with the Financial Industry Regulatory Authority ("FINRA") in 50 states, Puerto Rico, Washington D.C., U.S. Virgin Islands, and also as a municipal securities dealer with the Municipal Securities Regulation Board. The Company is also a United States Securities and Exchange Commission ("SEC") Registered Investment Advisor and maintains advisory accounts through Fidelity Registered Investment Advisor Group ("FRIAG"), an arm of Fidelity Investments and IMG (Investment Management Group, a division of Southwest Securities). The Company is subject to net capital and other regulations of the SEC. The Company offers full service commission and fee-based money management services to individual and institutional investors.

The Company is a wholly-owned subsidiary of Woodstock Holdings, Inc. ("WHI"), which was established in March of 1995. In January 2010, WHI amended its Articles of Incorporation to change its name from Woodstock Financial Group, Inc. to Woodstock Holdings, Inc. Concurrently, the Company was incorporated and named Woodstock Financial Group, Inc., as described above. A portion of the assets of WHI were then contributed to the newly established subsidiary.

WFG maintains a custody-clearing relationship with Southwest Securities, Inc. ("Southwest") and these accounts are introduced to Southwest on a fully disclosed basis.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("GAAP") on the accrual basis of accounting and to general practices within the broker-dealer industry.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the amounts reported in the financial statements. Accordingly, actual results could differ from these estimates.

Revenue Recognition and Commissions Receivable

WFG charges commissions and/or fees for customer transactions. These commissions and/or fees are charged within the guidelines of industry standards. Commissions are recorded on a trade date basis, which does not differ materially from the settlement date basis.

Cash and Cash Equivalents

Cash and cash equivalents include short-term deposits and highly liquid investments that have original maturities of three months or less when purchased and are stated at cost.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and cash equivalents, clearing deposit, and commissions receivable.

WOODSTOCK FINANCIAL GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Cash and cash equivalents and the clearing deposit are deposited in various financial institutions. At times, amounts on deposit may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit. At December 31, 2013, approximately \$235,000 was uninsured. At December 31, 2012, all noninterest-bearing transaction accounts were fully insured, regardless of the balance of the accounts, at all FDIC insured institutions.

At December 31, 2013 and 2012, commissions receivable were approximately \$600,000 and \$306,000, and of that \$559,000 and \$262,000 were due from Southwest, respectively.

Advertising

The Company recognizes advertising costs as incurred in selling, general and administrative expenses in the statement of operations. The amount of advertising expense recognized at December 31, 2013 and 2012 were approximately \$4,000 and 16,000, respectively.

Furniture, Fixtures and Equipment

Furniture, fixtures and equipment are reported at cost, less accumulated depreciation. Depreciation of furniture, fixtures and equipment is computed using the straight line method over the estimated useful life of five years.

The cost of maintenance and repairs, which do not improve or extend the useful life of the respective asset, is charged to earnings as incurred, whereas significant renewals and improvements are capitalized.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Additionally, the recognition of future tax benefits, such as net operating loss carryforwards, is required to the extent that realization of such benefits is more likely than not. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the assets and liabilities are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income tax expense in the period that includes the enactment date.

In the event the future tax consequences of differences between the financial reporting bases and the tax bases of the Company's assets and liabilities result in deferred tax assets, an evaluation of the probability of being able to realize the future benefits indicated by such asset is required. A valuation allowance is provided for the portion of the deferred tax asset when it is more likely than not that some or all of the deferred tax asset will not be realized. In assessing the realizability of the deferred tax assets, management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies.

The Company files consolidated income tax returns with WHI in the United States and Georgia, which are subject to examination by the tax authorities in these jurisdictions. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal or state tax authorities for years prior to 2010.

Fair Value of Financial Instruments

The Company's financial instruments, which include cash and cash equivalents, and a clearing deposit, are recorded at fair value.

WOODSTOCK FINANCIAL GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Company evaluated subsequent events through February 26, 2014, the date the financial statements were available for issue.

NOTE 3 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 ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2013, the Company had net capital of approximately \$304,000, which was \$204,000 in excess of its required net capital of \$100,000. The Company's net capital ratio was 2.93 to 1. At December 31, 2012, the Company had net capital of approximately \$200,000, which was \$100,000 in excess of its required net capital of \$100,000. The Company's net capital ratio was 3.53 to 1.

NOTE 4 OFF-BALANCE SHEET RISK

Customer transactions are introduced and cleared through the Company's clearing agent on a fully disclosed basis. Under the terms of its clearing agreement, the Company is obligated to make sure that its customers pay for all transactions and meet all maintenance requirements, if applicable, in a timely manner under Regulation-T of the Federal Reserve Board.

The Company engages in inter-dealer activity with various broker-dealers. The Company also trades riskless principal with various institutions, qualified institutional buyers and broker dealers. These transactions are affirmed/compared in a timely fashion to make sure all such counterparties fulfill their settlement obligations.

WOODSTOCK FINANCIAL GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 5 INCOME TAXES

The components of income tax expense for the year and period ended December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Current	\$ -	\$ -
Deferred	(66,903)	(139,058)
Change in valuation allowance	66,903	139,058
Use of operating loss carryforward	-	-
	<u>\$ -</u>	<u>\$ -</u>

The difference between income tax expense computed by applying the statutory federal income tax rate to earnings before taxes for the year and period ended December 31, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Pretax earnings (loss) at statutory rate	\$ (60,498)	\$ (125,744)
State income tax (benefit), net of federal benefit	(6,405)	(13,314)
Change in valuation allowance	66,903	139,058
Use of operating loss carryforward	-	-
	<u>\$ -</u>	<u>\$ -</u>

The components of deferred taxes at December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Deferred income tax assets:		
Operating loss carryforwards	\$ 615,108	\$ 520,005
Deferred revenue	77,550	105,750
Total gross deferred income tax assets	<u>692,658</u>	<u>625,755</u>
Less valuation allowance	(692,658)	(625,755)
Net deferred tax	<u>\$ -</u>	<u>\$ -</u>

During 2013 and 2012 a valuation allowance was established for the entire amount of the net deferred tax asset as the realization of the deferred tax asset is dependent on future taxable income.

At December 31, 2013, the consolidated return of the Company and WHI had net operating loss carryforwards for tax purposes of approximately \$1.9 million which will expire beginning in 2022, if not previously utilized.

WOODSTOCK FINANCIAL GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 6 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Components of selling, general and administrative expenses which are greater than 1% of total revenues for the years ended December 31, 2013 and 2012 are as follows:

	2013	2012
Payroll	1,060,515	1,027,726
Forgiveness of broker advances	137,100	*
Legal and professional fees	132,364	121,886
Error and omission insurance	120,876	114,247
Rent	110,500	103,500

NOTE 7 SECURITIES INVENTORY, LIABILITY FOR SECURITIES INVENTORY AND RELATED COMPENSATION ON PROFIT

Until April 24, 2012 the Company maintained an investment grade municipal bond inventory account for the purpose of inter-dealer trading. This inventory account was monitored on a daily basis for credit risk, market risk and collateralization purposes. The inventory was held in a segregated margin account at Southwest, the Company's clearing firm. This segregated margin account was crossed collateralized by the Company's clearing deposit account at Southwest. From time to time the Company did deposit cash into or withdraw cash from this account when needed. The current interest rate environment had produced a fluctuating negative/positive carry on this trading account. Since April 24, 2012 this account was flat and currently holds no positions.

NOTE 8 FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below.

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.
- Level 2 Inputs to the valuation methodology including quoted prices for similar or identical assets or liabilities in active or inactive markets. Inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data. If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation method was appropriate and consistent with other market participants, the use of

**WOODSTOCK FINANCIAL GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the Company's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 475,166	\$ -	\$ -	\$ 475,166
Clearing deposit	125,043	-	-	125,043
Total	<u>\$ 600,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600,209</u>

The following table presents the Company's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2012:

Cash and cash equivalents	\$ 492,512	\$ -	\$ -	\$ 492,512
Clearing deposit	125,018	-	-	125,018
Total	<u>\$ 617,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 617,530</u>

NOTE 9 RELATED PARTY TRANSACTIONS

During each of the years ended December 31, 2013 and 2012, the Chief Executive Officer ("CEO") received a salary of approximately \$149,000. In addition, the CEO was paid an override bonus equal to 2.5% of revenues. During the years ended December 31, 2013 and 2012, the earned override bonus was approximately \$235,000 and \$236,000 respectively. At December 31, 2013 and 2012, approximately \$86,000 and \$52,000, respectively, of unpaid override bonus is included in accounts payable.

For the years ended December 31, 2013 and 2012, a company owned by the CEO's spouse also received consulting fees of \$9,000 and \$143,000 in commissions for the years ended December 31, 2013 and 2012 respectively, and a bonus for the year ended December 31, 2012 of \$5,000.

Registered representatives licensed with WFG sold interests in Raiké Real Estate Income Fund ("RRIF") and received approximately \$45,000 and \$12,500 in commissions at December 31, 2013 and 2012, respectively. RRIF is managed by a company owned by the CEO of WHI.

Pursuant to Exchange Act Rules 17a-3(a) and (a)(2), WFG and WHI have an expense sharing agreement in place.

WOODSTOCK FINANCIAL GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 10 COMMITMENTS AND CONTINGENCIES

Through the ordinary course of business, the Company has entered into contractual agreements, generally cancelable upon 60 to 180 day's written notice, with outside vendors and service providers for various administrative related products and services. As discussed in Note 2, Related Party Transactions, the Company has an expense sharing agreement with WFG.

From time to time, the Company may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters that may arise from time to time that may harm the Company's business.

As of the date of this report, other than routine litigation arising from the ordinary course of business, which the Company does not expect to have a material adverse effect on the Company, there is no pending legal proceedings.

NOTE 11 EMPLOYEE RETIREMENT PLAN

The Company has established a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE IRA). Employees who receive at least \$5,000 of compensation for the calendar year are eligible to participate. The Company matches employee contributions dollar for dollar up to three percent of the employee's compensation. Total contributions for any employee are limited by certain regulations. For the year and period ended December 31, 2013 and 2012, the Company contributed approximately \$8,100 and \$27,000 respectively to the plan.

**SUPPLEMENTARY
INFORMATION**

WOODSTOCK FINANCIAL GROUP, INC.
SCHEDULE I – COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2013 AND 2012

COMPUTATION OF NET CAPITAL:

Total shareholder's equity	\$ 489,332	\$ 362,766
Non-allowable assets	<u>(185,070)</u>	<u>(159,807)</u>
Tentative net capital	304,262	202,959
Haircut on inventory	-	-
Other deductions 4% on inventory position	<u>-</u>	<u>-</u>
Net capital	304,262	202,959
Minimum net capital	<u>100,000</u>	<u>100,000</u>
Excess net capital	<u>\$ 204,262</u>	<u>\$ 102,959</u>

AGGREGATE INDEBTEDNESS TO NET CAPITAL RATIO:

Aggregate indebtedness	\$ 890,357	\$ 717,198
Net capital	\$ 304,262	\$ 202,959
Percentage of aggregate indebtedness to net capital	2.93 to 1	3.53 to 1

There was no significant difference between net capital as computed by the Company (included in Part II of its FOCUS report as of December 31, 2013 and 2012) and the amount computed above.

See accompanying notes to financial statements and Independent Auditors' Report.

**WOODSTOCK FINANCIAL GROUP, INC.
SCHEDULE II – COMPUTATION FOR DETERMINATION OF RESERVE
REQUIREMENTS AND INFORMATION RELATING TO POSSESSION OR
CONTROL REQUIREMENTS UNDER RULE 15c3-3
DECEMBER 31, 2013 AND 2012**

The Company is not required to file the above schedule as it claims exemption from Rule 15c3-3 under Paragraph (k)(2)(i) of the Rule.

See accompanying notes to financial statements and Independent Auditors' Report.