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EDSTATES  
EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL	
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# ANNUAL AUDITED REPORT FORM X-17A-5 PART III

SEC FILE NUMBER
8- 21380

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: Monness, Crespi, Hardt & Co., Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

767 Third Avenue

(No. and Street)

New York

New York

10017-2047

(City)

(State)

(Zip Code)

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

Neil Crespi

(212) 838-7575

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

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

Vassallo, Vincent Robert

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

16 Porter Place

Sea Cliff

New York

11579

(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)

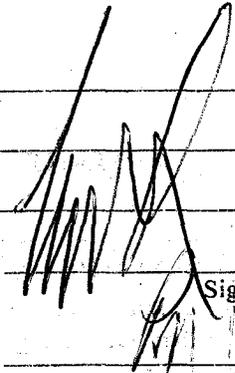
SEC 1410 (06-02)

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CD  
3/20/14

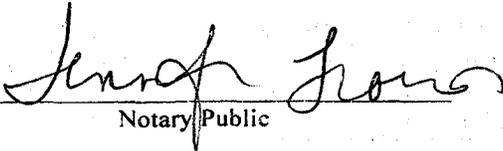
OATH OR AFFIRMATION

I, Neil Crespi, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Monness, Crespi, Hardt & Co., 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

Title

  
Notary Public

**JENNIFER TRAINOR**  
Notary Public, State of New York  
No: 01TR5013422 Qualified in Nassau Co.  
Commission Expires July 15, 2015

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).

# VINCENT R. VASSALLO

CERTIFIED PUBLIC ACCOUNTANT

16 PORTER PLACE  
SEA CLIFF, NEW YORK 11579  
TEL.: (516) 759-1994 FAX: (516) 759-7109

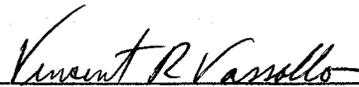
## INDEPENDENT AUDITORS' REPORT

Monness, Crespi, Hardt & Co., Inc.  
767 Third Avenue  
New York, New York 10017

We have audited the Financial Statements of Monness, Crespi, Hardt & Co., Inc. as of December 31, 2013 that you are filing pursuant to Rule 17a-d under the Securities Exchange Act of 1934. These statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 statements are free of material misstatement. Accordingly we included a review of the system of internal control and the procedures for safeguarding securities and such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, including the audit procedures prescribed by the Securities and Exchange Commission. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of Monness, Crespi, Hardt & Co., Inc. as of December 31, 2013 and the results of its operations and its cash flows for the year then ended in the form required by the Securities and Exchange Commission in conformity with generally accepted accounting principles, consistently applied.



CERTIFIED PUBLIC ACCOUNTANT

Sea Cliff, New York  
February 25, 2014

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

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

# Form X-17A-5

# FOCUS REPORT

(Financial and Operational Combined Uniform Single Report)

## PART IIA 12

*(Please read instructions before preparing Form.)*

This report is being filed pursuant to (Check Applicable Block(s)):

1) Rule 17a-5(a) <input checked="" type="checkbox"/> <span style="border: 1px solid black; padding: 2px;">16</span>	2) Rule 17a-5(b) <input type="checkbox"/> <span style="border: 1px solid black; padding: 2px;">17</span>	3) Rule 17a-11 <input type="checkbox"/> <span style="border: 1px solid black; padding: 2px;">18</span>
4) Special request by designated examining authority <input type="checkbox"/> <span style="border: 1px solid black; padding: 2px;">19</span>	5) Other <input type="checkbox"/> <span style="border: 1px solid black; padding: 2px;">26</span>	

NAME OF BROKER-DEALER	SEC FILE NO.
<u>Monness, Crespi, Hardt &amp; Co., Inc.</u> <span style="border: 1px solid black; padding: 2px;">13</span>	<u>8-21380</u> <span style="border: 1px solid black; padding: 2px;">14</span>
ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)	FIRM I.D. NO.
<u>767 Third Avenue</u> <span style="border: 1px solid black; padding: 2px;">20</span>	<u>7424</u> <span style="border: 1px solid black; padding: 2px;">15</span>
<small>(No. and Street)</small>	FOR PERIOD BEGINNING (MM/DD/YY)
<u>New York</u> <span style="border: 1px solid black; padding: 2px;">21</span> <u>NY</u> <span style="border: 1px solid black; padding: 2px;">22</span> <u>10017-2047</u> <span style="border: 1px solid black; padding: 2px;">23</span>	<u>01/01/13</u> <span style="border: 1px solid black; padding: 2px;">24</span>
<small>(City) (State) (Zip Code)</small>	AND ENDING (MM/DD/YY)
	<u>12/31/13</u> <span style="border: 1px solid black; padding: 2px;">25</span>

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT	(Area Code) — Telephone No.
<u>Neil Crespi</u> <span style="border: 1px solid black; padding: 2px;">30</span>	<u>(212) 838-7575</u> <span style="border: 1px solid black; padding: 2px;">31</span>
NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:	OFFICIAL USE
<input type="checkbox"/> <span style="border: 1px solid black; padding: 2px;">32</span>	<input type="checkbox"/> <span style="border: 1px solid black; padding: 2px;">33</span>
<input type="checkbox"/> <span style="border: 1px solid black; padding: 2px;">34</span>	<input type="checkbox"/> <span style="border: 1px solid black; padding: 2px;">35</span>
<input type="checkbox"/> <span style="border: 1px solid black; padding: 2px;">36</span>	<input type="checkbox"/> <span style="border: 1px solid black; padding: 2px;">37</span>
<input type="checkbox"/> <span style="border: 1px solid black; padding: 2px;">38</span>	<input type="checkbox"/> <span style="border: 1px solid black; padding: 2px;">39</span>

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES  40 NO  41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT  42

**EXECUTION:**  
The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 25th day of February 20 14

Manual signatures of:

- 1) [Signature]  
Principal Executive Officer or Managing Partner
- 2) [Signature]  
Principal Financial Officer or Partner
- 3) [Signature]  
Principal Operations Officer or Partner

**ATTENTION** — Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78:f(a))

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

**TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

NAME (If individual, state last, first, middle name)

Vassallo, Vincent Robert

70

ADDRESS

16 Porter Place  
Number and Street

71 Sea Cliff  
City

72 NY  
State

73 11579  
Zip Code

74

CHECK ONE

Certified Public Accountant

75

Public Accountant

76

Accountant not resident in United States  
or any of its possessions

77

FOR SEC USE

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WORK LOCATION	REPORT DATE MM/DD/YY	DOC. SEQ. NO.	CARD				
50	51	52	53				



# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER **Monness, Crespi, Hardt & Co., Inc.**

as of 12/31/13

### STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

#### LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	A.I. <u>Liabilities</u>	Non-A.I. <u>Liabilities</u>	<u>Total</u>
13. Bank loans payable .....	\$ 1045	\$ 1255 <sup>13</sup>	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account .....	1114	1315	1560
B. Other .....	1115 <sup>10</sup>	1305	1540
15. Payable to non-customers .....	1155	1355	1610
16. Securities sold not yet purchased, at market value .....		1360	1620
17. Accounts payable, accrued liabilities, expenses and other .....	1,045,544	1385	1,045,544
18. Notes and mortgages payable:			
A. Unsecured .....	1210		1690
B. Secured .....	1211 <sup>12</sup>	1390 <sup>14</sup>	1700
19. E. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings: .....		1400	1710
1. from outsiders <sup>9</sup> \$ .....	970		
2. includes equity subordination (15c3-1(d)) of ... \$ .....	980		
B. Securities borrowings, at market value from outsiders \$ .....	990	1410	1720
C. Pursuant to secured demand note collateral agreements .....		1420	1730
1. from outsiders \$ .....	1000		
2. includes equity subordination (15c3-1(d)) of ... \$ .....	1010		
D. Exchange memberships contributed for use of company, at market value .....		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes .....	1220	1440	1750
20. TOTAL LIABILITIES .....	\$ 1,045,544	\$ 1450	\$ 1,045,544
 <u>Ownership Equity</u>			
21. Sole Proprietorship .....			1770
22. Partnership (limited partners) .....	1020 <sup>11</sup>		1780 <sup>15</sup>
23. Corporation:			
A. Preferred stock .....			1791
B. Common stock .....		20,000	1792
C. Additional paid-in capital .....		55,000	1793
D. Retained earnings .....		2,419,647	1794
E. Total .....		2,494,647	1795
F. Less capital stock in treasury .....		1796 <sup>16</sup>	1796
24. TOTAL OWNERSHIP EQUITY .....		\$ 2,494,647	1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY .....		\$ 3,540,191	1810

OMIT PENNIES

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER **Monness, Crespi, Hardt & Co., Inc.**

as of 12/31/13

### COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition .....	\$	2,494,647	3480
2. Deduct ownership equity not allowable for Net Capital .....			3490
3. Total ownership equity qualified for Net Capital .....		2,494,647	3500
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital .....			3520
B. Other (deductions) or allowable credits (List) .....			3525
5. Total capital and allowable subordinated liabilities .....	\$	2,494,647	3530
6. Deductions and/or charges:			
A. Total non-allowable assets from			
Statement of Financial Condition (Notes B and C) .....	\$ <sup>17</sup>	45,803	3540
B. Secured demand note delinquency .....			3590
C. Commodity futures contracts and spot commodities – proprietary capital charges .....			3600
D. Other deductions and/or charges .....			3610
7. Other additions and/or allowable credits (List) .....		( 45,803 )	3620
8. Net capital before haircuts on securities positions .....	\$ <sup>20</sup>	2,448,844	3640
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):			
A. Contractual securities commitments .....	\$		3660
B. Subordinated securities borrowings .....			3670
C. Trading and investment securities:			
1. Exempted securities .....			3735
2. Debt securities .....			3733
3. Options .....			3730
4. Other securities .....			3734
D. Undue Concentration .....			3650
E. Other (List) .....			3736
			3740
10. Net Capital .....	\$	2,448,844	3750

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# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER **Monness, Crespi, Hardt & Co., Inc.**

as of 12/31/13

### COMPUTATION OF NET CAPITAL REQUIREMENT

**Part A**

11. Minimum net capital required (6 $\frac{2}{3}$ % of line 19) .....	\$	69,703	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) .....	\$	100,000	3758
13. Net capital requirement (greater of line 11 or 12) .....	\$	100,000	3760
14. Excess net capital (line 10 less 13) .....	\$	2,348,844	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19) .....	\$	2,344,290	3780

### COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition .....	\$	1,045,544	3790
17. Add:			
A. Drafts for immediate credit .....	\$	3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited .....	\$	3810	
C. Other unrecorded amounts (List) .....	\$	3820	
18. Total aggregate indebtedness .....	\$	1,045,544	3840
19. Percentage of aggregate indebtedness to net capital (line 18 ÷ by line 10) .....	%	42.70	3850
20. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d) .....	%	0	3860

### COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

**Part B**

21. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits .....	\$	3970	3970
22. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) .....	\$	3880	3880
23. Net capital requirement (greater of line 21 or 22) .....	\$	3760	3760
24. Excess capital (line 10 less 23) .....	\$	3910	3910
25. Net capital in excess of the greater of:			
A. 5% of combined aggregate debit items or \$120,000 .....	\$	3920	3920

**NOTES:**

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
  1. Minimum dollar net capital requirement, or
  2. 6 $\frac{2}{3}$ % of aggregate indebtedness or 4% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER **Monness, Crespi, Hardt & Co., Inc.**

For the period (MMDDYY) from 010113 to 123113 3933  
 Number of months included in this statement 12 3931

### STATEMENT OF INCOME (LOSS)

#### REVENUE

1. Commissions:			
a. Commissions on transactions in exchange listed equity securities executed on an exchange .....	\$ 25,975,159	3935	
b. Commissions on listed option transactions .....	196,517	3938	25
c. All other securities commissions .....		3939	
d. Total securities commissions .....	26,171,676	3940	
2. Gains or losses on firm securities trading accounts			
a. From market making in options on a national securities exchange .....		3945	
b. From all other trading .....		3949	
c. Total gain (loss) .....		3950	
3. Gains or losses on firm securities investment accounts .....		3952	
4. Profit (loss) from underwriting and selling groups .....		3955	26
5. Revenue from sale of investment company shares .....		3970	
6. Commodities revenue .....		3990	
7. Fees for account supervision, investment advisory and administrative services .....		3975	
8. Other revenue .....	3,374,665	3995	
9. Total revenue .....	\$ 29,546,341	4030	

#### EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers .....		5,279,327	4120
11. Other employee compensation and benefits .....		10,914,968	4115
12. Commissions paid to other broker-dealers .....		214,266	4140
13. Interest expense .....			4075
a. Includes interest on accounts subject to subordination agreements .....	4070		
14. Regulatory fees and expenses .....		200,131	4195
15. Other expenses .....		11,940,969	4100
16. Total expenses .....		\$ 28,549,661	4200

#### NET INCOME

17. Income (loss) before Federal income taxes and items below (Item 9 less Item 16) .....		\$ 996,680	4210
18. Provision for Federal income taxes (for parent only) .....			4220
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above .....			4222
a. After Federal income taxes of .....	4338		
20. Extraordinary gains (losses) .....			4224
a. After Federal income taxes of .....	4239		
21. Cumulative effect of changes in accounting principles .....			4225
22. Net income (loss) after Federal income taxes and extraordinary items .....		\$ 996,680	4230

#### MONTHLY INCOME

23. Income (current month only) before provision for Federal income taxes and extraordinary items .....		\$ N/A	4211
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**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

BROKER OR DEALER **Monness, Crespi, Hardt & Co., Inc.**

For the period (MMDDYY) from 010113 to 123113

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY  
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

1. Balance, beginning of period .....		\$	1,962,565	4240
A. Net income (loss) .....			996,680	4250
B. Additions (includes non-conforming capital of .....	29	\$	4262	4260
C. Deductions (includes non-conforming capital of .....		\$	4272	4270
			464,598	4270
2. Balance, end of period (From item 1800) .....		\$	2,494,647	4290

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIMS OF GENERAL CREDITORS**

3. Balance, beginning of period .....		30	\$	4300
A. Increases .....				4310
B. Decreases .....				4320
4. Balance, end of period (From item 3520) .....			\$	4330

OMIT PENNIES

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER Monness, Crespi, Hardt & Co., Inc.

as of 12/31/13

### EXEMPTIVE PROVISION UNDER RULE 15c3-3

24. If an exemption from Rule 15c3-1 is claimed, identify below the section upon which such exemption is based (check one only)

- |  |                                     |      |
|--|-------------------------------------|------|
| A. (k)(1) — \$2,500 capital category as per Rule 15c3-1 .....  |                                     | 4550 |
| B. (k)(2)(A) — "Special Account for the Exclusive Benefit of customers" maintained .....                   |                                     | 4560 |
| C. (k)(2)(B) — All customer transactions cleared through another broker-dealer on a fully disclosed basis. |                                     |      |
| Name of clearing firm <u>8-00526 Goldman Sachs Execution &amp; Clearing LP</u>                             | <input checked="" type="checkbox"/> | 4570 |
| D. (k)(3) — Exempted by order of the Commission (include copy of letter) .....                             |                                     | 4580 |

### Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual (See below for code)	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (Yes or No)
31 <span style="float: right;">4600</span>	4601	4602	4603	4604	4605
32 <span style="float: right;">4610</span>	4611	4612	4613	4614	4615
33 <span style="float: right;">4620</span>	4621	4622	4623	4624	4625
34 <span style="float: right;">4630</span>	4631	4632	4633	4634	4635
35 <span style="float: right;">4640</span>	4641	4642	4643	4644	4645
			Total \$ <sup>36</sup>	4699	

OMIT PENNIES

Instructions: Detail Listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and anticipated accruals which would cause a reduction of Net Capital. These anticipated accruals would include amounts of bonuses, partners' drawing accounts, taxes, and interest on capital, voluntary contributions to pension or profit sharing plans, etc., which have not been deducted in the computation of Net Capital, but which you anticipate will be paid within the next six months.

WITHDRAWAL CODE:	DESCRIPTIONS
1.	Equity Capital
2.	Subordinated Liabilities
3.	Accruals

MONNESS, CRESPI, HARDT & CO., INC.  
STATEMENT OF CHANGES IN FINANCIAL CONDITION  
YEAR ENDED DECEMBER 31, 2013

Increase (Decrease) in Cash

Cash flows from operating activities:	
Net income	\$ 996,680
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation	13,177
Change in assets and liabilities:	
(Increase) decrease in:	
Receivables from clearing brokers	290,915
Purchase of furniture and leasehold improvements	(10,264)
Increase (decrease) in:	
Accounts payable	(791,541)
Distributions to shareholders	<u>(464,598)</u>
Net increase in cash	34,369
Cash, beginning of period	<u>109,038</u>
Cash, end of period	<u>\$ 143,407</u>

The accompanying notes are an integral part of this statement.

**MONNESS, CRESPI, HARDT & CO., INC.**  
**RECONCILIATION OF THE COMPUTATION OF NET CAPITAL**  
**UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2013**

Total members' equity as reported in Company's Part IIA unaudited FOCUS Report	<u>\$2,494,647</u>
Total members' equity according to the Audit	<u>\$2,494,647</u>
Net capital as reported in Company's Part IIA unaudited FOCUS Report	<u>\$2,448,844</u>
Net capital according to the Audit	<u>\$2,448,844</u>

The accompanying notes are an integral part of this statement.

**MONNESS, CRESPI, HARDT & CO., INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES.**

The financial statements of Monness, Crespi, Hardt & Co., Inc (the "Company") are prepared in conformity with accounting principles generally accepted in the United States of America. The following is a summary of the significant accounting and reporting policies used in preparing the Company's financial statements.

(a) Organization:

The Company was incorporated in the State of New York on November 29, 1974. Its principal business activity is that of a broker-dealer of publicly traded securities. The Company is registered with the Securities and Exchange Commission ("SEC"), is a member of the Financial Industry Regulatory Authority ("FINRA") and Securities Investor Protection Corporation ("SIPC").

(b) Use of Estimates:

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

(c) Securities Transactions:

The Company clears all security transactions on a fully-disclosed basis through Goldman, Sachs Execution and Clearing L.P. ("GSEC"). Under the clearing arrangement GSEC confirms securities trades, processes securities movements and records transactions for clients in its accounts.

(d) Cash:

The Company places its cash with a high credit quality financial institution. At times such investments may be in excess of the FDIC insurance limit.

(e) Property and Equipment:

Furniture and equipment are depreciated using accelerated methods over estimated useful lives of 5 to 7 years. Expenditures for maintenance, repairs and minor renewals are charged to operations. Upon retirement or other disposition of properties, the carrying value and related accumulated depreciation are removed from the accounts.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES. (Continued)

(f) Soft Dollar Arrangements:

The Company ensures that any soft dollar arrangements with customers fall within the safe harbor provisions of Rule 28(e) of the Securities Exchange Act of 1934 as amended, which provide for the payment of research, brokerage, quote services and other expenses permissible by Rule 28(e). The Company has one customer arrangement.

(g) Commissions:

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

(h) Income Taxes:

The Company, with the consent of its stockholders, has elected to be treated as an "S" Corporation for federal and New York State income tax purposes. Accordingly, no provision has been made for federal and New York State income taxes. The provisions for taxes represent the New York State tax on "S" Corporations and the New York City Corporation income tax.

NOTE 2 – PROPERTY AND EQUIPMENT:

Property and equipment, at cost, consist of the following:

	<u>December 31, 2013</u>
Furniture and equipment	\$2,048,204
Less: Accumulated depreciation	<u>2,012,633</u>
Net book value	<u>\$ 35,571</u>

Depreciation expense was \$13,177 for the year ended December 31, 2013.

NOTE 3 – NET CAPITAL REQUIREMENTS.

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (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. The Company, a member firm of FINRA, is also subject to the rules of FINRA, whose requirements are substantially the same. At December 31, 2013, the Company had net capital of \$2,448,844 which was \$2,348,844 in excess of its required minimum capital of \$100,000. The Company's net capital ratio at December 31, 2013 was .43 to 1.

NOTE 4 – COMMITMENTS AND CONTINGENCIES:

Leases:

The Company leases office space under long-term leases. Future obligations relating to the primary terms of the Company's long-term office space leases are:

Year Ending  
December 31:

2014	\$1,713,145
2015	1,469,692
2016	1,394,136
2017	1,394,245
Thereafter	<u>0</u>
	<u>\$5,971,218</u>

Rent expense under these agreements for the year ended December 31, 2013 was \$2,188,595

NOTE 5 – LITIGATION:

In the normal course of business, the Company is subject to litigation relating to its activities as a broker-dealer including civil actions and arbitration. From time to time, the Company is also involved in proceedings and investigations by self-regulatory organizations and the SEC. The Company is not presently a defendant in any legal action.

NOTE 6 – SUBSEQUENT EVENTS:

Statement of Financial Accounting Standard Statement No. 165 requires us to report any events or transactions that occur after the balance sheet date but before the financial statements are issued. In accordance with SFAS 165 we evaluated subsequent events through February 25, 2014 and found no reportable events.

# VINCENT R. VASSALLO

CERTIFIED PUBLIC ACCOUNTANT

16 PORTER PLACE  
SEA CLIFF, NEW YORK 11579

TEL.: (516) 759-1994 FAX: (516) 759-7109

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE

### REQUIRED BY SEC RULE 17A-5

To the Board of Directors  
Monness, Crespi, Hardt & Co., Inc.

In planning and performing our audit of the financial statements and supplementary Schedules of Monness, Crespi, Hardt & Co., Inc., for the year ended December 31, 2013, we considered its internal control, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5 (g) (1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including 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, count, verifications, and comparisons
2. Recordation of difference required by Rule 17a-13
3. 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 above-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 accordance with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors 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.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control, including procedures for safeguarding securities that we consider to be material weaknesses as defined above.

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 were adequate at December 31, 2013, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, 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 should not be used for any other purpose.

*Vincent R. Varallo, CPA*

Sea Cliff, NY  
February 25, 2014

# VINCENT R. VASSALLO

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*Vincent R. Vanello, CPA*

Sea Cliff, NY  
February 25, 2014