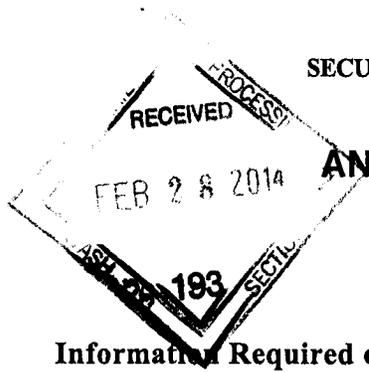


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OMB APPROVAL	
OMB Number:	3235-0123
Expires:	March 31, 2016
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8-67609

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

## FACING PAGE Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2013 AND ENDING December 31, 2013  
MM/DD/YY MM/DD/YY

### A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Arbor Court Capital, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
2000 Auburn Drive, Suite 120

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street) Beachwood OH 44122  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Christopher Barone (216) 839-5101  
(Area Code - Telephone Number)

### B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Hobe & Lucas Certified Public Accountants, Inc.

(Name - if individual, state last, first, middle name)  
4807 Rockside Rd., Suite 510 Independence OH 44131  
(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)

3/20/14

OATH OR AFFIRMATION

I, Christopher Barone, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Arbor Court Capital, LLC, as of December 31, 2013, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

[Handwritten Signature]

Signature

PRESIDENT

Title

[Handwritten Signature]

DAVID W. KUHR
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES 12-16-15

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).

**ARBOR COURT CAPITAL, LLC**  
**DECEMBER 31, 2013**

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## INDEPENDENT AUDITORS' REPORT

To the Members of  
Arbor Court Capital, LLC  
Beachwood, Ohio

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Arbor Court Capital, LLC (an Ohio limited liability company), which comprise the statement of financial condition as of December 31, 2013, and the related statements of operations, changes in members' equity and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities 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.

### **Auditors' 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 of 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial 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 Arbor Court Capital, LLC 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II are presented for purposes of additional analysis and is not a required part of the basic 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. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain other 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 is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hobe & Lucas  
Certified Public Accountants, Inc.*

February 26, 2014

**ARBOR COURT CAPITAL, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2013**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 151,824
Accounts receivable	11,640
Prepaid CRD account	3,377
Prepaid expenses	2,871

Total Current Assets 169,712

**Other Assets**

Goodwill	22,500
Furniture	1,000
Less: Accumulated depreciation	<u>(400)</u>

Total Other Assets 23,100

**Total Assets** \$ 192,812

**LIABILITIES AND MEMBERS' EQUITY**

**Members' Equity**

Members' Equity	<u>\$ 192,812</u>
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**Total Liabilities and Members' Equity** \$ 192,812

See accompanying notes to financial statements.

**ARBOR COURT CAPITAL, LLC**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**Revenue**

Compliance services	\$ 5,729
Distribution services	47,934
Markup income	545
Fees	4,004
	<u>58,212</u>

**Expenses**

Advertising review	3,360
Accumulated depreciation	200
Professional fees	7,310
Professional development	825
Email	1,591
Registration fees	504
Licenses and permits	1,282
Rent	6,000
Insurance	1,028
Office expenses	638
Taxes - other	1,269
<b>Total Expenses</b>	<u>24,007</u>

**Net Income (Loss) from Operations** 34,205

**Other Income**

Interest income 10

**Net Income (Loss)** \$ 34,215

See accompanying notes to financial statements.

ARBOR COURT CAPITAL, LLC  
STATEMENT OF CHANGES IN MEMBERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Beginning Balance</u>	\$ 158,597
Net Income	<u>34,215</u>
<u>Ending Balance</u>	<u>\$ 192,812</u>

See accompanying notes to financial statements.

**ARBOR COURT CAPITAL, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**Cash Flows From Operating Activities:**

Net income (loss)	\$ 34,215
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation	200
(Increase) decrease in assets:	
Prepaid expenses and other current assets	2,775
Accounts receivable	(11,245)
Security Deposit	6,600
Net Cash Provided by Operating Activities	32,545

**Net Increase in Cash and Cash Equivalents** 32,545

**Cash and Cash Equivalents - January 1, 2013** 119,279

**Cash and Cash Equivalents - December 31, 2013** \$ 151,824

**Supplemental Disclosure of Cash Flow Information:**

Interest paid	\$ -
Income taxes paid	\$ -

See accompanying notes to financial statements.

**ARBOR COURT CAPITAL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**ORGANIZATION**

Arbor Court Capital, LLC (the Company) is a FINRA registered broker dealer whose primary function is to serve as distributor for mutual funds. In 2013, the broker dealer secured nearly a dozen new mutual fund clients from across the United States. The broker dealer's function as distributor is to review mutual funds advertising for adherence to FINRA compliance standards, to engage other dealers in order to place our client's funds onto brokerage platforms, and to provide new mutual funds with membership into the National Securities Clearing Corporation (NSCC) in order to access to the FundSERV platform. NSCC membership is a time consuming application process, however, the firm is experienced with the process and FundSERV eligibility will allow the Company's mutual fund clients to clear mutual fund transactions electronically across the most popular brokerage platforms on Wall Street.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Accounting 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 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.

**Income Taxes**

The Company is a limited liability company. Its members are taxed on their proportionate share of the Company's taxable income. No provision for federal or state income taxes has been included in the financial statements.

Reporting periods ending December 31, 2010, December 31, 2011, December 31, 2012 and December 31, 2013 are subject to examination by major taxing authorities.

**Cash and Cash Equivalents**

The Company considers financial instruments with an original maturity of less than 90 days to be cash equivalents.

**Goodwill**

Goodwill is reviewed for possible impairment at least annually or more frequently upon the occurrence of an event or when circumstances indicate that the entity's carrying value is greater than its fair value. At December 31, 2013, the Company determined that fair value of the goodwill was greater than its carrying value. Accordingly, no impairment was recorded for the year ended December 31, 2013.

**ARBOR COURT CAPITAL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Accounts Receivable**

The Company uses the reserve method of accounting for bad debts. The allowance for doubtful accounts was \$0 at December 31, 2013.

**Furniture**

Furniture is recorded at cost. Depreciation is computed by the straight-line method over 5 years.

At December 31, 2013:

Cost of furniture:	\$1,000
Less accumulated depreciation	<u>(400)</u>
Furniture, net	<u>\$ 600</u>

**COMMITMENTS**

The Company has a sublease agreement for office facilities. Rent payments through March 2014 were prepaid at the start of the lease. Beginning in April, 2014, rent expense will be \$500 per month. The sublease runs through October, 2016. Rent expense was \$6,000 for the year ended December 31, 2013.

Aggregate future minimum sublease commitments for years subsequent to December 31, 2013 are as follows:

<u>Year Ended</u> <u>December 31,</u>	
2014	\$ 4,500
2015	6,000
2016	5,000

**NET CAPITAL PROVISION OF RULE 15c3-1**

The Company is subject to the Securities and Exchange Commission (SEC) 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. At December 31, 2013, Arbor Court Capital, LLC had net capital of \$151,824 which was \$146,824 in excess of its required net capital of \$5,000. Arbor Court Capital, LLC's ratio of aggregate indebtedness to net capital was 0%.

**ARBOR COURT CAPITAL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**EXEMPTION FROM RULE 15c3-3**

The Company acts as a broker or dealer with limited business activities. The Company operates under Section (k)(1) of Rule 15c3-3 of the Securities Exchange Act of 1934 and is therefore exempt from the requirements of Rule 15c3-3.

**CONCENTRATION OF CREDIT RISK**

The Company maintains cash in financial institutions which may, from time to time exceed the federally insured level.

**SUBSEQUENT EVENTS**

The Company has evaluated all subsequent events through February 26, 2014, the available date of the issuance of the financial statements.

**SUPPLEMENTAL INFORMATION**  
**PURSUANT TO RULE 17a-5 OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

**DECEMBER 31, 2013**

**ARBOR COURT CAPITAL, LLC**  
**COMPUTATION OF NET CAPITAL**  
**PURSUANT TO RULE 15c3-1 OF THE**  
**SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2013**

**Net Capital**

Total members' equity from statement of financial condition	\$ 192,812
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Less: Non-allowable assets:

Prepaid Expenses	(2,871)
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CRD Prepaid Account	(3,377)
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Accounts receivable	(11,640)
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Fixed Assets	(600)
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Goodwill	(22,500)
----------	----------

	(40,988)
--	----------

**Net Capital**

	151,824
--	---------

**Computation of Aggregate Indebtedness**

Accounts payable and accrued expenses	-
---------------------------------------	---

**Computation of Basic Net Capital Requirement -**

6 2/3% of Aggregate Indebtedness	\$ -
----------------------------------	------

**Minimum Required Net Capital**

	\$ 5,000
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**Net Capital Requirement**

	\$ 5,000
--	----------

**Excess Net Capital**

	\$ 146,824
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**Excess Net Capital at 1,000%**

	\$ 151,824
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**Ratio of Aggregate Indebtedness to Net Capital**

	0.0%
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A reconciliation of the computation of net capital under Rule 15c3-1 as included in the Company's unaudited Form X-17a-5 as of December 31, 2013, filed with the Securities and Exchange Commission and the amount included in the accompanying Schedule I Computation is not required as there are no material differences

ARBOR COURT CAPITAL, LLC  
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
AND INFORMATION RELATING TO POSSESSION OR CONTROL  
REQUIREMENTS PURSUANT TO RULE 15c3-3 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2013

The Company is not required to present the schedule "Computation for Determination of Reserve Requirements under Rule 15c3-3" and "Information for Possession or Control Requirements Under Rule 15c3-3" as it meets the exemptive provisions of Rule 15c3-3.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE**  
**REQUIRED BY SEC RULE 17a-5**

To the Members of  
Arbor Court Capital, LLC  
Beachwood, Ohio

In planning and performing our audit of the financial statements of Arbor Court Capital, LLC as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered Arbor Court Capital, LLC's internal control over financial reporting (internal control) as a basis for determining 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 Arbor Court Capital, LLC's internal control. Accordingly, we do not express an opinion on the effectiveness of Arbor Court Capital, LLC's 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 Arbor Court Capital, LLC including consideration of control activities for safeguarding securities. The 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 Arbor Court Capital, LLC 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 Arbor Court Capital, LLC is responsible for establishing and maintaining an internal control structure 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 internal control structure policies and procedures 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 an internal control structure 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 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 the 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 Arbor Court Capital, LLC'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 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 is not intended to be and should not be used by anyone other than those specified parties.

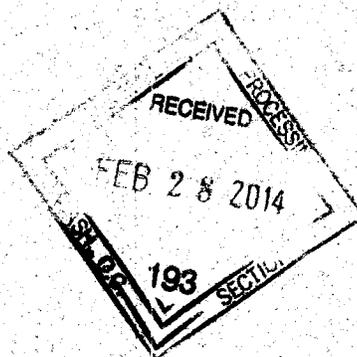
*Hobe & Lucas*  
*Certified Public Accountants, Inc.*

February 26, 2014

ARBOR COURT CAPITAL, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2013



**ARBOR COURT CAPITAL, LLC**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**