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3/20/14



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

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

SEC  
Mail Processing  
Section  
MAR 04 2014  
Washington DC  
404

| SEC FILE NUMBER |
|-----------------|
| 8- 52300        |

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: FALKENBERG CAPITAL CORPORATION

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

600 S. CHERRY STREET, SUITE 1108

(No. and Street)

DENVER

(City)

CO

(State)

80246

(Zip Code)

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

BRUCE FALKENBERG

303-320-4800

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

HARDING AND HITTESDORF, P.C.

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

650 S. CHERRY STREET, SUITE 1050

(Address)

DENVER

(City)

CO

(State)

80246

(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)

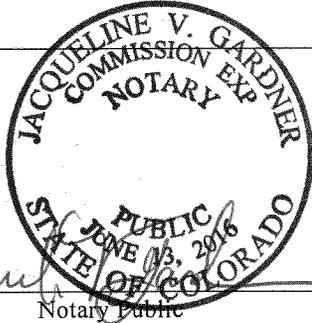
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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3/24/14

OATH OR AFFIRMATION

I, BRUCE FALKENBERG, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FALKENBERG CAPITAL CORPORATION, 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:

NONE



*Jacqueline V. Gardner*  
Notary Public

*Bruce Falkenberg*  
Signature

PRESIDENT  
Title

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Independent Auditors' Report on Internal Control.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



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**HARDING AND HITTESDORF, P.C.**

Certified Public Accountants

650 S. Cherry Street, Suite 1050  
Denver, Colorado 80246

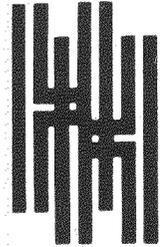
FALKENBERG CAPITAL CORPORATION  
(SEC File No. 8-52300)

Financial Statements and Supplemental  
Schedules for the Years Ended December 31, 2013 and 2012  
and Independent Auditors' Report and  
Supplemental Report on Internal  
Accounting Control and Agreed Upon Procedures  
on SIPC-7 Report

# HARDING AND HITTESDORF, P.C.

Certified Public Accountants

650 S. Cherry Street, Suite 1050  
Denver, Colorado 80246  
(303) 393-0888  
FAX (303) 393-0894  
www.hhcpafirm.com



## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholder  
Falkenberg Capital Corporation  
Denver, Colorado

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

We have audited the accompanying statements of financial condition of Falkenberg Capital Corporation (an S corporation) as of December 31, 2013 and 2012, and the related statements of operations, changes in retained earnings and cash flows for the years then ended that you are filing pursuant to Rule 17a-5 of the Securities Exchange Act of 1934. These financial statements and the related notes to the financial statements are the responsibility of the Company's management.

### **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 audits. We conducted our audits 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 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 opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Falkenberg Capital Corporation at December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity 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 supplementary information contained in Schedules I and II required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for purposes of additional analysis and is not a required part of the financial statements. 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 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 is fairly stated in all material respects in relation to the financial statements as a whole.

*H+H, P.C.*

HARDING AND HITTESDORF, P.C.  
Certified Public Accountants

February 24, 2014

FALKENBERG CAPITAL CORPORATION  
STATEMENTS OF FINANCIAL CONDITION

ASSETS

|  | DECEMBER 31,        |                     |
|--|---------------------|---------------------|
|  | 2013                | 2012                |
| <b>CURRENT ASSETS:</b>                 |                     |                     |
| Cash and cash equivalents              | \$ 1,203,978        | \$ 2,225,635        |
| Due from officer                       | 18,011              | 13,442              |
| Other receivables                      | 2,767               | 2,620               |
| Total Current Assets                   | 1,224,756           | 2,241,697           |
| <b>PROPERTY AND EQUIPMENT, at cost</b> |                     |                     |
| Office equipment and software          | 106,210             | 103,226             |
| Furniture                              | 63,662              | 63,662              |
|  | 169,872             | 166,888             |
| Less accumulated depreciation          | 169,872             | 166,888             |
|  | -                   | -                   |
| <b>OTHER ASSET:</b>                    |                     |                     |
| Deposits                               | 1,245               | 1,245               |
| <b>TOTAL ASSETS</b>                    | <b>\$ 1,226,001</b> | <b>\$ 2,242,942</b> |

See accompanying notes to financial statements.

LIABILITIES AND STOCKHOLDER'S EQUITY

|   | DECEMBER 31, |              |
|---|--------------|--------------|
|   | 2013         | 2012         |
| CURRENT LIABILITIES:  |              |              |
| Accounts payable  | \$ 19,617    | \$ 22,347    |
| Accrued expenses  | 26,661       | 19,274       |
|   | 46,278       | 41,621       |
| COMMITMENT (Note 5)   |              |              |
| STOCKHOLDER'S EQUITY:   |              |              |
| Common stock, no par value;<br>authorized 10,000 shares,<br>1,000 shares issued and outstanding | 1,250        | 1,250        |
| Additional paid-in capital  | 100,000      | 100,000      |
| Retained earnings   | 1,078,473    | 2,100,071    |
|   | 1,179,723    | 2,201,321    |
| TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY  | \$ 1,226,001 | \$ 2,242,942 |

FALKENBERG CAPITAL CORPORATION

STATEMENTS OF OPERATIONS

|                             | YEARS ENDED         |                     |
|-----------------------------|---------------------|---------------------|
|                             | DECEMBER 31,        |                     |
|                             | 2013                | 2012                |
| REVENUES:                   |                     |                     |
| Advisory services           | \$ 2,751,070        | \$ 3,312,175        |
| Other income                | 62,500              | 400,126             |
| Interest income             | 535                 | 137                 |
|                             | <u>2,814,105</u>    | <u>3,712,438</u>    |
| OPERATING EXPENSES:         |                     |                     |
| Salaries and commissions    | 930,020             | 577,165             |
| Travel and entertainment    | 90,630              | 69,366              |
| Office rent                 | 54,656              | 49,633              |
| Payroll taxes               | 52,686              | 42,284              |
| Insurance                   | 44,039              | 36,260              |
| Legal and professional fees | 23,328              | 23,372              |
| Miscellaneous               | 18,991              | 10,091              |
| Regulatory fees             | 18,347              | 4,695               |
| Telephone                   | 14,631              | 16,896              |
| Conventions and seminars    | 12,026              | 14,511              |
| Computer expense            | 10,339              | 13,814              |
| Dues and subscriptions      | 7,161               | 8,233               |
| Office expense              | 5,757               | 7,375               |
| Depreciation                | 3,092               | 753                 |
| Financial research          | -                   | 13,837              |
| Retirement plan expense     | -                   | 6,302               |
|                             | <u>1,285,703</u>    | <u>894,587</u>      |
| NET INCOME                  | <u>\$ 1,528,402</u> | <u>\$ 2,817,851</u> |

See accompanying notes to financial statements.

FALKENBERG CAPITAL CORPORATION  
STATEMENTS OF CHANGES IN RETAINED EARNINGS  
YEARS ENDED DECEMBER 31, 2013 AND 2012

|                              |                     |
|------------------------------|---------------------|
| Balance at January 1, 2012   | \$ 82,220           |
| Net income                   | 2,817,851           |
| Distributions                | <u>(800,000)</u>    |
| Balance at December 31, 2012 | 2,100,071           |
| Net income                   | 1,528,402           |
| Distributions                | <u>(2,550,000)</u>  |
| Balance at December 31, 2013 | <u>\$ 1,078,473</u> |

See accompanying notes to financial statements.

FALKENBERG CAPITAL CORPORATION

STATEMENTS OF CASH FLOWS

|  | YEARS ENDED  |              |
|--|--------------|--------------|
|  | DECEMBER 31, |              |
|  | 2013         | 2012         |
| CASH FLOWS FROM OPERATING ACTIVITIES:  |              |              |
| Net income   | \$ 1,528,402 | \$ 2,817,851 |
| Adjustments to reconcile net income to net cash provided (used) by operations: |              |              |
| Depreciation   | 3,091        | 753          |
| Increase (decrease) in cash resulting from change in:                          |              |              |
| Due from officer   | (4,569)      | (5,249)      |
| Other receivables  | (147)        | (1,192)      |
| Accounts payable   | (2,730)      | (10,063)     |
| Accrued expenses   | 7,387        | 12,557       |
| NET CASH PROVIDED BY OPERATING ACTIVITIES                                      | 1,531,434    | 2,814,657    |
| CASH FLOWS FROM INVESTING ACTIVITIES:  |              |              |
| Purchase of property and equipment   | (3,091)      | (753)        |
| NET CASH USED FOR INVESTING ACTIVITIES   | (3,091)      | (753)        |
| CASH FLOWS FROM FINANCING ACTIVITIES:  |              |              |
| Dividends paid   | (2,550,000)  | (800,000)    |
| NET CASH USED FOR FINANCING ACTIVITIES   | (2,550,000)  | (800,000)    |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS                           | (1,021,657)  | 2,013,904    |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR                                   | 2,225,635    | 211,731      |
| CASH AND CASH EQUIVALENTS, END OF YEAR   | \$ 1,203,978 | \$ 2,225,635 |

Supplemental disclosure on noncash data:

The Company retired assets with an original cost of \$107 and \$2,622 during the years ended December 31, 2013 and 2012, respectively.

See accompanying notes to financial statements.

FALKENBERG CAPITAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

1. Summary of Significant Accounting Policies

Organization

Falkenberg Capital Corporation (an S corporation) provides merger and acquisition and corporate finance services, exclusively in the United States, to companies engaged in the telecommunications and media industries.

Cash and Cash Equivalents

Cash on hand and investments with original maturities of three months or less are classified as cash equivalents.

Concentration of Credit Risk

The Company often maintains cash balances in excess of the FDIC insurance limit resulting in a concentration of credit risk with the financial institutions that hold the Company's cash balances. The Company maintains such cash balances only with financial institutions with high credit standing.

Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated principally by the straight-line method using a useful life of three to eight years. Maintenance and repairs are expensed as incurred. Major betterments are capitalized. The Company takes advantage of Internal Revenue Code Section 179 allowing depreciation write-offs of up to \$500,000 in year of acquisition. This method of writing off up to \$500,000 in the year of acquisition is not a generally accepted accounting principle; however, the GAAP calculated depreciation did not vary materially from the tax method considering the financial statements taken as a whole.

Advertising Costs

Advertising costs are expensed as incurred.

FALKENBERG CAPITAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

1. Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Income Taxes

The Company is not a taxpaying entity for federal or state income tax purposes. Accordingly, no income tax expense has been recorded in the financial statements. Income of the Company is taxed to the shareholder in his individual return.

Income Statement Classification of Interest and Penalties

Interest and penalties associated with the Company's tax positions are reflected as interest expense in the financial statements. There were no interest or penalties incurred during the years ended December 31, 2013 and 2012, respectively.

Reclassifications

Certain prior year amounts have been reclassified for comparability with the 2013 presentation.

Subsequent Events

Subsequent events have been evaluated through February 24, 2014, which is the date the financial statements were issued.

FALKENBERG CAPITAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

2. Significant Clients

The Company generally derives significant revenue from a few key clients. However, the makeup of the Company's client base varies from year to year. Accordingly, an annual concentration in revenue from the same clients is remote. The Company derived approximately 75% of total revenue from two clients in 2013 and 86% of total revenue from three clients in 2012.

3. Retirement Plan

The Company adopted a 401(k) profit sharing plan on January 1, 2007 which covered substantially all employees. The Company terminated its profit sharing plan on April 2, 2012. The Company did not contribute to the plan in 2013 but contributed \$6,302 in 2012.

4. Statutory Requirements

Pursuant to Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain minimum net capital of \$5,000. At December 31, 2013, the Company's net capital was \$1,157,550.

The Company is exempt from certain provisions of Rule 15c3-3 of the Securities Exchange Act of 1934 and, accordingly, is not required to maintain a "Special Account for Exclusive Benefit of Customers". Such exemption is in accordance with paragraph (k) (2) (i) of the Rule.

FALKENBERG CAPITAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

5. Commitment

Lease Commitment

The Company incurred rental expense of \$54,656 in 2013 and \$49,633 in 2012 under a non-cancelable operating lease agreement for office space.

Future minimum lease payments under this lease through August, 2014 are:

|      |                  |
|------|------------------|
| 2014 | <u>\$ 34,681</u> |
|------|------------------|

SUPPLEMENTAL INFORMATION

FALKENBERG CAPITAL CORPORATION

SUPPLEMENTAL SCHEDULE OF COMPUTATION OF NET CAPITAL,  
MINIMUM NET CAPITAL REQUIRED, AND AGGREGATE INDEBTEDNESS

DECEMBER 31, 2013

|  |                    |
|--|--------------------|
| STOCKHOLDER'S EQUITY   | \$1,179,723        |
| DEDUCTIONS:  |                    |
| Non-allowable assets   | <u>(22,173)</u>    |
| NET CAPITAL  | <u>\$1,157,550</u> |
| MINIMUM NET CAPITAL REQUIRED (greater of 6-2/3%<br>of aggregate indebtedness or \$5,000) | <u>\$ 5,000</u>    |
| AGGREGATE INDEBTEDNESS   |                    |
| TOTAL LIABILITIES AND AGGREGATE INDEBTEDNESS   | <u>\$ 46,278</u>   |
| RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL   | <u>.04:1</u>       |

There is no difference between the above net capital computation and the corresponding computation included in the Company's original Form X-17A-5 Part IIA Filing.

SCHEDULE I

FALKENBERG CAPITAL CORPORATION

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-3

DECEMBER 31, 2013

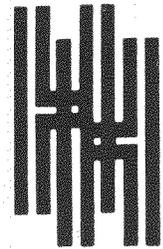
The Company is exempt from the provisions of Rule 15c3-3 of the Securities Exchange Act of 1934, since the Company's activities are limited to those which qualify for an exemption under paragraph (k) (2) (i) of the Rule.

SCHEDULE II

# HARDING AND HITTESDORF, P.C.

Certified Public Accountants

650 S. Cherry Street, Suite 1050  
Denver, Colorado 80246  
(303) 393-0888  
FAX (303) 393-0894  
www.hhpcapfirm.com



February 24, 2014

To The Board of Directors and Stockholder  
Falkenberg Capital Corporation  
Denver, Colorado

In planning and performing our audit of the financial statements of Falkenberg Capital Corporation (the Company), 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 the Company's internal control over financial reporting (internal control) as a basis for designing our auditing 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 the 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 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company'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, 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.

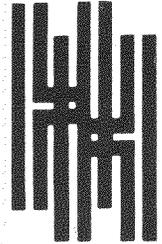
H+H, P.C.

HARDING AND HITTESDORF, P.C.  
Certified Public Accountants

# HARDING AND HITTESDORF, P.C.

Certified Public Accountants

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FAX (303) 393-0894  
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## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To The Board of Directors and Stockholders  
Falkenberg Capital Corporation  
Denver, Colorado

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 [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2013, which were agreed to by Falkenberg Capital Corporation and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Falkenberg Capital Corporation's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Falkenberg Capital Corporation's management is responsible for Falkenberg Capital Corporation'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 [cancelled check] 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 [no adjustments] noting no differences; and
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers [financial statements] supporting the adjustments noting no differences.

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

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

*H+H, P.C.*

HARDING AND HITTESDORF, P.C.

February 24, 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:

052300 FINRA DEC  
FALKENBERG CAPITAL CORPORATION 17\*17  
600 S CHERRY ST STE 1108  
DENVER CO 80246-1716

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.

|   |     |                               |
|---|-----|-------------------------------|
| 2. A. General Assessment (item 2e from page 2)  | \$  | <u>7,035.00</u>               |
| B. Less payment made with SIPC-6 filed (exclude interest)                                     | (   | <u>4,278.05</u> )             |
| <u>7-31-2013</u><br>Date Paid   |     |                               |
| C. Less prior overpayment applied   | (   | <u>-</u> )                    |
| D. Assessment balance due or (overpayment)  |     | <u>2,756.95</u>               |
| E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum      |     | <u>-</u>                      |
| F. Total assessment balance and interest due (or overpayment carried forward)                 | \$  | <u>2,756.95</u>               |
| G. PAID WITH THIS FORM:<br>Check enclosed, payable to SIPC<br>Total (must be same as F above) | \$  | <u>2,756.95</u>               |
| H. Overpayment carried forward  | \$( | <u>                    </u> ) |

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.

FALKENBERG CAPITAL  
(Name of Corporation, Partnership or other organization)  
Jon Gallin  
(Authorized Signature)  
PRESIDENT  
(Title)

Dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

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.  | Eliminate cents       |
|---|-----------------------|
| 2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)  | \$ <u>2,814,105</u>   |
| 2b. Additions:  |                       |
| (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.  | <u>          -</u>    |
| (2) Net loss from principal transactions in securities in trading accounts.   | <u>          -</u>    |
| (3) Net loss from principal transactions in commodities in trading accounts.  | <u>          -</u>    |
| (4) Interest and dividend expense deducted in determining item 2a.  | <u>          -</u>    |
| (5) Net loss from management of or participation in the underwriting or distribution of securities.   | <u>          -</u>    |
| (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.   | <u>          -</u>    |
| (7) Net loss from securities in investment accounts.  | <u>          -</u>    |
| Total additions   | <u>          -</u>    |
| 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. | <u>          -</u>    |
| (2) Revenues from commodity transactions.   | <u>          -</u>    |
| (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.   | <u>          -</u>    |
| (4) Reimbursements for postage in connection with proxy solicitation.   | <u>          -</u>    |
| (5) Net gain from securities in investment accounts.  | <u>          -</u>    |
| (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.  | <u>          -</u>    |
| (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).   | <u>          -</u>    |
| (8) Other revenue not related either directly or indirectly to the securities business.<br>(See Instruction C):   | <u>          -</u>    |
| (Deductions in excess of \$100,000 require documentation)   | <u>          -</u>    |
| (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.  | \$ <u>          -</u> |
| (ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).   | \$ <u>          -</u> |
| Enter the greater of line (i) or (ii)   | <u>          -</u>    |
| Total deductions  | <u>          -</u>    |
| 2d. SIPC Net Operating Revenues   | \$ <u>2,814,105</u>   |
| 2e. General Assessment @ .0025  | \$ <u>7,035</u>       |

(to page 1, line 2.A.)