



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

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

SEC  
Mail Processing  
Section  
FEB 27 2015

SEC FILE NUMBER  
8- 53374

FACING PAGE

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

Washington DC  
414

REPORT FOR THE PERIOD BEGINNING January 1, 2014 AND ENDING December 31, 2014  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Beard Financial Services, Inc.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

108 W. Western Reserve Road

(No. and Street)

Youngstown

OH

44514

(City)

(State)

(Zip Code)

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

Robert L. Smallwood Jr. CPA

330-758-0575

(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)

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.

3/2/15

OATH OR AFFIRMATION

I, Robert L. Smallwood Jr. CPA, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Beard Financial Services, Inc. of December 31, 2014, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_

Robert L. Smallwood Jr.  
Signature

Shareholder / Treasurer  
Title

Susan Stanley  
Notary Public

SUSAN STANLEY,  
Notary Public State of Ohio  
My Commission Expires December 01, 2018

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).

Beard Financial Services, Inc  
Financial Statements  
December 31, 2014

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# Hobe & Lucas

Certified Public Accountants, Inc.

4807 Rockside Road, Suite 510 (P) 216.524.8900  
Independence, Ohio 44131 (F) 216.524.8777  
www.hobe.com

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of  
Beard Financial Services, Inc.  
Youngstown, Ohio

We have audited the accompanying financial statements of Beard Financial Services, Inc. (a Delaware corporation), which comprise the statement of financial condition as of December 31, 2014, and the related statements of operations and changes in member's equity and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements and supplemental information. Beard Financial Services, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). The standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial condition of Beard Financial Services, Inc. as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Member

**B K R**

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The Supplemental Schedules of Operating Expenses, Computation of Net Capital Pursuant to Rule 15c3-1 of the Securities and Exchange Commission and 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 have been subjected to audit procedures performed in conjunction with the audit of Beard Financial Services, Inc.'s financial statements. The supplemental information is the responsibility of Beard Financial Services, Inc.'s management. Our audit procedures include determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presenting in conformity with Rule 17a-5 of the Securities Exchange Act of 1934. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Hobe & Lucas*  
*Certified Public Accountants*

Independence, Ohio  
February 25, 2015

# Beard Financial Services, Inc.

## Statement of Financial Condition December 31, 2014

### ASSETS

Assets:		
Cash and cash equivalents	\$	288,596
Accounts Receivable		31,077
Deposits		2,386
Prepaid expenses		23,051
Goodwill		<u>370,731</u>
 TOTAL ASSETS	 \$	 <u>715,841</u>

### LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:		
Commissions payable	\$	19,148
Other		<u>5</u>
 Total Liabilities		 19,153
 Stockholders' Equity:		
Common stock, 850 shares authorized		
10 shares issued and outstanding, no par value		100,000
Additional paid-in capital		375,000
Retained earnings		<u>221,688</u>
 Total Stockholders' Equity		 <u>696,688</u>
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 \$	 <u>715,841</u>

The accompanying notes are an integral part of these statements.

# Beard Financial Services, Inc.

## Statement of Operations Year Ended December 31, 2014

Revenues - commissions and fees	\$ 2,296,149
Less:	
Commissions expense	<u>1,364,132</u>
Net revenues	932,017
Operating expenses	<u>482,551</u>
Net income	<u>\$ 449,466</u>

The accompanying notes are an integral part of these statements.

# Beard Financial Services, Inc.

## Statement of Changes in Stockholders' Equity Year Ended December 31, 2014

	<u>Capital Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - beginning	\$ 100,000	\$ 375,000	\$ 82,222	\$ 557,222
Current year net income		-	449,466	449,466
Contributed capital	-	-	-	-
Distributions paid	<u>-</u>	<u>-</u>	<u>(310,000)</u>	<u>(310,000)</u>
Balance - end of year	<u>\$ 100,000</u>	<u>\$ 375,000</u>	<u>\$ 221,688</u>	<u>\$ 696,688</u>

The accompanying notes are an integral part of these statements.

# Beard Financial Services, Inc.

## Statement of Cash Flows Year Ended December 31, 2014

### Cash flows from operating activities:

Net income	\$ 449,466
Adjustments to reconcile net income to cash provided by operating activities:	
(Increase) decrease in assets:	
Accounts receivable - trade	24,354
Deposits	5,419
Prepaid expenses	(7,609)
Increase (decrease) in liabilities:	
Comissions payable	(14,351)
Accounts payable	5
Net cash provided by operating activities	<u>457,284</u>
Cash flows from financing activities:	
Distributions paid	<u>(310,000)</u>
Net cash used by financing activities	<u>(310,000)</u>
Net increase in cash and cash equivalents	147,284
Cash and cash equivalents at beginning of year	<u>141,312</u>
Cash and cash equivalents at end of year	<u>\$ 288,596</u>

The accompanying notes are an integral part of these statements.

Beard Financial Services, Inc.  
Notes to Financial Statements  
December 31, 2014

**NOTE A – ORGANIZATION**

Beard Financial Services, Inc. (The Company) is incorporated under the laws of the State of Ohio. The Company is a fully-disclosed securities broker-dealer registered with the SEC and is a member of the Financial Industry Regulatory Authority (FINRA). The Company's principal office is located in Boardman, Ohio and is also registered in various states.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Cash and Cash Equivalents

At times during the year, the Company's cash accounts exceeded the related amount of Federal depository insurance. The Company has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk. The Company considers a certificate of deposit that has no early withdrawal penalty to be a cash equivalent.

Securities Transactions

Customers' securities transactions are reported on a settlement date basis with related commission income and expenses reported on a trade date basis. Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the statement of financial condition.

Income Taxes

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the shareholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal and state income taxes has been included in the financial statements. As of December 31, 2014, the Company's federal income tax returns are subject to examination for years 2011 and after.

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.

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, 2014, 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, 2014.

Beard Financial Services, Inc.  
Notes to Financial Statements  
December 31, 2014

**NOTE C – RELATED PARTY TRANSACTIONS**

Personnel services and office space is provided by Beard Pension Services, Inc. Both companies share common ownership. During 2014, the Company paid \$375,825 to Beard Pension Services, Inc. as reimbursement for its portion of those expenses, based upon an expense sharing agreement between the two. This expense has been recorded within the Schedule of Operating Expenses.

**NOTE D – ACCOUNTS RECEIVABLE – TRADE**

Accounts receivable are listed at net realizable value and are considered by management to be fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

**NOTE E – NET CAPITAL PROVISION OF RULE 15C3-1**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Commission (SEC), the Company is required to maintain a minimum net capital balance, as defined, under such provisions.

The Company's minimum capital requirement is the greater of \$50,000 or 6 2/3% of aggregate indebtedness, as defined, under Securities and Exchange Commission Rule 15c3-1(a)(1), as it does not maintain customer accounts. Net capital may fluctuate on a daily basis. At December 31, 2014, the Company had net capital of \$290,264, which was \$240,264 in excess of its required net capital of \$50,000.

In addition to the minimum net capital provisions, Rule 15c3-1 requires that the Company maintain a ratio of aggregate indebtedness to net capital, both as defined, not to exceed 15 to 1. Net capital and aggregate indebtedness change from day to day, but at December 31, 2014, the Company's ratio of aggregate indebtedness to net capital was 6.60%

**NOTE F – EXEMPTION FROM RULE 15C3-3**

The Company acts as an introducing broker dealer, promptly transmitting all funds and delivering all securities received in connection with its activities as a broker or dealer and does not otherwise hold funds or securities for or owe money or securities to customers. The Company operates under Section (k)(2)(ii) of Rule 15c3-3 of the Securities Exchange Act of 1934 and is therefore exempt from the requirements of Rule 15c3-3.

**NOTE G – FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK**

In the normal course of business, the Company's customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss. As of December 31, 2014, management is not aware of any material transactions that could cause a potential obligation.

Beard Financial Services, Inc.  
Notes to Financial Statements  
December 31, 2014

**NOTE H – MANAGEMENT REVIEW OF SUBSEQUENT EVENTS**

Management of the Company has reviewed and evaluated subsequent events through February 25, 2015 for possible inclusion in the financial statements for the year ended December 31, 2014. No items were identified for inclusion. The date of February 25, 2015 is the date at which the financial statements were available for issue.

# Beard Financial Services, Inc.

## Schedule of Operating Expenses Year Ended December 31, 2014

Employee compensation and benefits	\$ 206,947
Other operating costs	147,191
Professional consulting fees	45,046
Firm clearing and brokerage	28,273
Occupancy costs	21,687
Errors and omissions insurance	16,038
FINRA expenses	8,931
Miscellaneous expense	3,374
Professional subscriptions	2,689
Software	2,000
SIPC assessment	<u>375</u>
 TOTAL OPERATING EXPENSES	 \$ <u>482,551</u>

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

# Beard Financial Services, Inc.

## Computation of Net Capital December 31, 2014

### NET CAPITAL COMPUTATION

Total stockholders' equity from December 31, 2014 financial statements	\$ 696,688
Less: Nonallowable assets	
Commissions receivable less unsecured 12b(1) fees	10,256
Goodwill	370,731
Prepaid expenses	23,051
CRD account deposit	<u>2,386</u>
	<u>406,424</u>
NET CAPITAL	<u>\$ 290,264</u>
COMPUTATION OF AGGREGATE INDEBTEDNESS	<u>\$ 19,153</u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT - 6 2/3% OF AGGREGATE INDEBTEDNESS	<u>\$ 1,278</u>
MINIMUM REQUIRED NET CAPITAL	<u>\$ 50,000</u>
EXCESS NET CAPITAL	<u>\$ 240,264</u>
RATIO: AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>6.60%</u>

A reconciliation of the computations of net capital under Rule 15c3-1 as included in the Company's unaudited Forms X-17a-5 as of December 31, 2013 filed with the Securities and Exchange Commission and the amounts included in the above computations is not required as there no audit adjustments.

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

**SUPPLEMENTAL SCHEDULES OF COMPUTATION FOR DETERMINATION  
OF RESERVE REQUIREMENTS AND INFORMATION RELATING TO THE  
POSSESSION OR CONTROL REQUIREMENTS PURSUANT TO RULE 15c3-3  
OF THE SECURITIES AND EXCHANGE COMMISSION  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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The Company is not required to present the schedules "Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3" and "Information Relating to the Possession of Control Requirements Under Rule 15c3-3" as it meets the exemptive provisions of Rule 15c3-3, under Section (k)(2)(ii) of the Rule.

**BEARD FINANCIAL SERVICES, INC.**  
**STATEMENT OF EXEMPTION PURSUANT TO RULE 15C3-3**

**DECEMBER 31, 2014**

# Hobe & Lucas

Certified Public Accountants, Inc.

4807 Rockside Road, Suite 510 Phone: (216) 524.8900  
Independence, Ohio 44131 Fax: (216) 524.8777  
<http://www.hobe.com>

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Board of Directors  
Beard Financial Services, Inc.  
Cleveland, Ohio

We have reviewed management's statements, included in the accompanying Statement of Exemption Pursuant to Rule 15c3-3, in which (1) Beard Financial Services, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Beard Financial Services, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3(k)(2)(ii) (the "exemptive provisions") and (2) Beard Financial Services, Inc. stated that Beard Financial Services, Inc. met the identified exemptive provisions throughout the most recent fiscal year without exception. Beard Financial Services, Inc.'s management is responsible for compliance with the exemptive provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Beard Financial Services, Inc.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to about for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k) (2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

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

Independence, Ohio  
February 25, 2015

Independent Member

**B K R**  
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**BEARD FINANCIAL SERVICES, INC.**  
**SEC RULE 15c3-3 EXEMPTIVE REPORT**

Beard Financial Services, Inc. (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- a. Beard Financial Services, Inc. is exempt from SEC Rule 15c3-3 (SEC Customer Protection Rule) pursuant to exemptive paragraph 15c3-3(k)(2)(ii).
- b. Beard Financial Services, Inc. to the best of our knowledge has met the identified exemptive provision noted above throughout the most recent fiscal year of 2014 without exception.
- c. There were no exceptions noted.

Beard Financial Services, Inc.

I, Robert Smallwood, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

By: Robert H. Smallwood Jr.  
Title: Financial Principal  
Date: February 12, 2014

**Beard Financial Services, Inc.**  
**Agreed-Upon Procedures Report on an**  
**Entity's Schedule of Assessments and Payments**  
**December 31, 2014**

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

OMB APPROVAL  
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**ANNUAL AUDITED REPORT**  
**FORM X-17A-5** Mail Processing  
**PART III** Section

FEB 27 2015

SEC FILE NUMBER  
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REPORT FOR THE PERIOD BEGINNING January 1, 2014 AND ENDING December 31, 2014  
MM/DD/YY MM/DD/YY

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OFFICIAL USE ONLY

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

FIRM I.D. NO.

108 W. Western Reserve Road

(No. and Street)

Youngstown

OH

44514

(City)

(State)

(Zip Code)

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

Robert L. Smallwood Jr. CPA

330-758-0575

(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**

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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.

OATH OR AFFIRMATION

I, Robert L. Smallwood Jr. CPA, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Beard Financial Services, Inc. of December 31, 2014, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_

*Robert L. Smallwood Jr.*  
Signature

*Shareholder / Treasurer*  
Title

*Susan Stanley*  
Notary Public

SUSAN STANLEY,  
Notary Public - State of Ohio  
My Commission Expires December 01, 2018

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.
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- (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).

# Hobe & Lucas

Certified Public Accountants, Inc.

4807 Rockside Road, Suite 510 Phone: (216) 524.8900  
Independence, Ohio 44131 Fax: (216) 524.8777  
<http://www.hobe.com>

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

To the Shareholders of Beard Financial Services, Inc.  
Youngstown, Ohio

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2014, which were agreed to by Beard Financial Services, Inc., and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC, solely to assist you and the other specified parties in evaluating Beard Financial Services, Inc.'s compliance with the applicable instructions of Form SIPC-7. Beard Financial Services, Inc.'s management is responsible for the Beard Financial Services, Inc.'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. Not applicable – there were no SIPC-7 cash disbursements.
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2014, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2014 noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers (Excel spreadsheets derived from the general ledger) that were prepared by management noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers (Excel spreadsheet derived from the general ledger) that were prepared by management supporting the adjustments noting no differences; and
5. Compared the amount of overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting no differences.

Independent Member

**B K R**

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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.

*Hobe & Lucas*  
*Certified Public Accountants*  
*Independence, Ohio*

February 25, 2015

**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 12/31/2014  
(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:

18\*18\*\*\*\*\*2495\*\*\*\*\*MIXED AADC 220  
053374 FINRA DEC  
BEARD FINANCIAL SERVICES INC  
108 W WESTERN RESERVE RD  
YOUNGSTOWN OH 44514-3522

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.

*Robert Smallwood 330-758-0575*

- 2. A. General Assessment (item 2e from page 2) \$ 100
- B. Less payment made with SIPC-6 filed (exclude interest) ( )
- Date Paid
- C. Less prior overpayment applied (from 12/31/13 SIPC-7) ( 18,057 )
- D. Assessment balance due or (overpayment) -0-
- E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum \_\_\_\_\_
- F. Total assessment balance and interest due (or overpayment carried forward) \$ \_\_\_\_\_
- G. PAID WITH THIS FORM:  
Check enclosed, payable to SIPC  
Total (must be same as F above) \$ N/A
- H. Overpayment carried forward \$( 17,957 )

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.

*BEARD FINANCIAL SERVICES INC*

(Name of Corporation, Partnership or other organization)

*Robert L. Smallwood*

(Authorized Signature)

Dated the 26<sup>th</sup> day of JANUARY, 20 15

*Treasurer*

(Title)

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

SIPC REVIEWER

Dates: Postmarked Received Reviewed

Calculations \_\_\_\_\_ Documentation \_\_\_\_\_ Forward Copy \_\_\_\_\_

Exceptions:

Disposition of exceptions:

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

Amounts for the fiscal period  
beginning 1/1/2014  
and ending 12/31/2014

Item No.

Eliminate cents

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

\$ 2,296,149

2b. Additions:

(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.

\_\_\_\_\_

(2) Net loss from principal transactions in securities in trading accounts.

\_\_\_\_\_

(3) Net loss from principal transactions in commodities in trading accounts.

\_\_\_\_\_

(4) Interest and dividend expense deducted in determining Item 2a.

\_\_\_\_\_

(5) Net loss from management of or participation in the underwriting or distribution of securities.

\_\_\_\_\_

(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.

\_\_\_\_\_

(7) Net loss from securities in investment accounts.

\_\_\_\_\_

Total additions

\_\_\_\_\_

2c. Deductions:

(1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.

2,237,919

(2) Revenues from commodity transactions.

\_\_\_\_\_

(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.

18,100

(4) Reimbursements for postage in connection with proxy solicitation.

\_\_\_\_\_

(5) Net gain from securities in investment accounts.

\_\_\_\_\_

(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.

\_\_\_\_\_

(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).

\_\_\_\_\_

(8) Other revenue not related either directly or indirectly to the securities business.  
(See Instruction C):

\_\_\_\_\_

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

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

\$ \_\_\_\_\_

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

\$ \_\_\_\_\_

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

Total deductions

2,256,019

2d. SIPC Net Operating Revenues

\$ 40,130

2e. General Assessment @ .0025

\$ 100

(to page 1, line 2.A.)