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

SEC Mail Processing Section

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

FEB 27 2015

SEC FILE NUMBER
8- 41204

FACING PAGE

Washington DC

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 01/01/14 AND ENDING 12/31/14  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: STURDIVANT & CO., INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

3000 Atrium Way, Suite 520

(No. and Street)

Mt. Laurel

(City)

New Jersey

(State)

08054

(Zip Code)

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

Harvey de Krafft

(856) 751-1331

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

EisnerAmper LLP

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

101 West Avenue

(Address)

Jenkintown

(City)

PA

(State)

19046

(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)

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KH 3/10

OATH OR AFFIRMATION

I, Harvey de Krafft, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Sturdivant & Co., Inc., as of December 31, 20 14, 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:

Terry A Dorsey - Williams  
Notary Public  
New Jersey  
My Commission Expires 7-12-16  
No. 2074116

Notary Public

Harvey R. de Krafft  
Signature

Managing Director  
Title

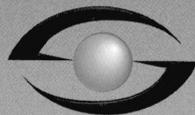
This report \*\* contains (check all applicable boxes):

- (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.

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

- (o) Report of Independent Registered Public Accounting Firm on Management's Exemption Report for Year Ended December 31, 2014.
- (p) Reconciliation of computation of net capital under Rule 17a-5(d) (4) of the SEC.

STURDIVANT & CO.



STATEMENT OF  
FINANCIAL CONDITION  
DECEMBER 31, 2014

PUBLIC  
DOCUMENT

A COMMITMENT TO VALUE AND QUALITY

# STURDIVANT & CO.

STATEMENT OF  
FINANCIAL CONDITION  
DECEMBER 31, 2014

PUBLIC  
DOCUMENT

3000 ATRIUM WAY, SUITE 520 • MT. LAUREL, NEW JERSEY 08054  
TEL. 856.751.1331 • FAX 856.751.1141

**STURDIVANT & CO., INC.**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholder of  
Sturdivant & Co., Inc.

We have audited the accompanying statement of financial condition of Sturdivant & Co., Inc. (the "Company") as of December 31, 2014. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes 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 statement of financial condition referred to above presents fairly, in all material respects, the financial position of Sturdivant & Co., Inc. as of December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

*EisnerAmper LLP*

Jenkintown, Pennsylvania  
February 25, 2015

**STURDIVANT & CO., INC.**

**Statement of Financial Condition  
December 31, 2014**

**ASSETS**

Cash and cash equivalents	\$	36,892
Clearing deposit		150,975
Receivables from clearing broker		82,094
Receivables from an affiliate		15,000
Prepaid expenses and other assets		2,148
Loans receivable from parent company		169,640
Property and equipment, net of accumulated depreciation		<u>21,656</u>
	\$	<u>478,405</u>

**LIABILITIES**

Note payable	\$	13,998
Accounts payable and accrued expenses		<u>74,090</u>
<b>Total liabilities</b>		<u>88,088</u>

**Commitments and contingencies**

**STOCKHOLDER'S EQUITY**

**Common stock, no par value:**

Authorized	1,000 shares	
Issued	594.22 shares	
Outstanding	534.86 shares	99,361
Additional paid-in capital		2,770,877
Deficit		<u>(829,921)</u>
		2,040,317
Less treasury stock, at cost	59.36 shares	<u>(1,650,000)</u>
<b>Total stockholder's equity</b>		<u>390,317</u>
	\$	<u>478,405</u>

**STURDIVANT & CO., INC.**

**Notes to Financial Statements  
December 31, 2014**

**NOTE A - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**[1] Organization and business:**

Sturdivant & Co., Inc. (the "Company") is a registered broker/dealer clearing all of its customer transactions through correspondent brokers on a fully disclosed basis. In addition, the Company operates under the provisions of Paragraphs (k)(2)(i) and (k)(2)(ii) of Rule 15c3-3 of the Securities and Exchange Commission ("SEC") and, accordingly, is exempt from the remaining provisions of that rule. The Company has offices located in Mt. Laurel, New Jersey, Chicago, Illinois and Baltimore, Maryland.

The Company is a wholly-owned subsidiary of S&D Financial Holdings, LLC ("S&D"). Two of the officers of the Company are the sole members of S&D.

**[2] Basis of presentation:**

The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

**[3] Cash and cash equivalents:**

Cash and cash equivalents consist of highly liquid investments with maturities of ninety days or less when purchased.

**[4] Receivables and related party transaction:**

Receivables from clearing broker represents the net commissions receivable earned as an introducing broker for the Company's customers' transactions. As of December 31, 2014, this receivable is due from one clearing broker.

The Company provided management services during the year ended December 31, 2014 to an affiliate for a fee of \$15,000. This amount is included in receivables from affiliate on the accompanying statement of financial condition as of December 31, 2014.

**[5] Property and equipment:**

Property and equipment is stated at cost net of accumulated depreciation. Significant additions or improvements extending the asset lives are capitalized; normal maintenance and repair costs are expensed as incurred. The Company provides for depreciation as follows:

<u>Asset</u>	<u>Estimated Useful Life</u>	<u>Method</u>
Furniture and fixtures	5 years	Straight-line method
Computer equipment	5 years	Straight-line method

**[6] Revenue recognition:**

Commissions and clearing expenses are recorded on a trade-date basis as securities transactions occur. Research fees are recorded as earned based on contractual arrangements.

**STURDIVANT & CO., INC.**

**Notes to Financial Statements  
December 31, 2014**

**NOTE A - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**[7] Use of estimates:**

The preparation of financial statements in conformity with U.S. GAAP 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**[8] Income taxes:**

The Company is a corporation under the Internal Revenue Code. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

U.S. GAAP requires companies to account for income taxes by prescribing a minimum probability threshold that an uncertain tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Management believes that there are no uncertain tax positions. The Company recognizes accrued interest and penalties associated with uncertain tax positions, if any, as part of the income tax provision. There was no income tax related interest and penalties record for the year ended December 31, 2014.

The income tax returns of the Company for the years ended December 31, 2011, 2012, 2013 and 2014 (when filed) are or will be subject to examination by the Internal Revenue Service and various other taxing authorities, generally for three years after such returns are filed.

**[9] Treasury stock:**

Treasury stock is accounted for under the cost method. Under the cost method, the gross cost of the shares reacquired is charged to treasury stock in the statement of financial condition.

**NOTE B - PROPERTY AND EQUIPMENT**

Property and equipment as of December 31, 2014 is as follows:

Furniture and fixtures	\$212,808
Computer equipment	<u>95,914</u>
	308,722
Less accumulated depreciation	<u>287,066</u>
	<u>\$21,656</u>

## **STURDIVANT & CO., INC.**

### **Notes to Financial Statements December 31, 2014**

#### **NOTE C - NOTE PAYABLE**

The Company entered into a modified loan agreement with its bank during 2011 that converted an existing \$250,000 line-of-credit into a term loan. The line-of-credit had a balance of \$105,000 when it was converted to a term note. Effective March 2011, payments of \$866 were due monthly and included interest at 6.0%. In February 2013, the term loan was amended to increase the interest rate to 7.0% and to provide for repayment in monthly payments of \$2,991 commencing on March 15, 2013. Borrowings outstanding on this note payable were \$13,998 as of December 31, 2014 which is due in 2016. The bank has a security interest in all of the Company's deposit accounts and investment property with the bank. The note is guaranteed by S&D and its members.

#### **NOTE D - COMMITMENTS AND CONTINGENCIES AND RELATED PARTY TRANSACTIONS**

The Company has a clearance agreement with one clearing broker. Pursuant to the agreement, the Company is required to maintain a minimum net capital of \$100,000. The Company has a clearing deposit of \$150,975 with this broker as of December 31, 2014 pursuant to the agreement.

In the normal course of business, the Company enters into underwriting commitments. As of December 31, 2014, there were no open underwriting commitments.

The Company's operations are headquartered in Mt. Laurel, New Jersey. The Company has a shared space and services agreement with its parent company, S&D. This agreement expires on December 31, 2015 and has two one-year renewal options.

The Company maintains an office in Chicago, Illinois and has entered into a lease agreement for that space. This agreement expires on February 28, 2015.

The Company also maintains an office in Baltimore, Maryland and has entered into a lease agreement for that space. This agreement renews on a month-to-month basis.

#### **NOTE E - PROFIT-SHARING PLAN**

Employees of the Company may participate in a profit-sharing plan, which is intended to qualify under Section 401(k) of the Internal Revenue Code. The plan covers substantially all of the Company's employees who meet certain eligibility requirements. Matching contributions by the Company to the plan can be made at the discretion of the Board of Directors. In addition, the plan has a profit-sharing feature, contributions to which are also at the discretion of the Board of Directors.

#### **NOTE F - NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. As of December 31, 2014, the Company had net capital of \$181,873 which was \$81,873 in excess of its required net capital. The Company's net capital ratio was 0.48 to 1 as of December 31, 2014.

**STURDIVANT & CO., INC.**

**Notes to Financial Statements  
December 31, 2014**

**NOTE G - OFF BALANCE SHEET RISK AND CONCENTRATIONS OF CREDIT RISK**

As a nonclearing broker, the Company has its customers' transactions cleared through another broker/dealer pursuant to a clearance agreement. Nonperformance by its customers in fulfilling their contractual obligations pursuant to securities transactions with the clearing broker may expose the Company to risk and potential loss.

At times, the Company may maintain a cash balance with a bank in excess of the FDIC insurance limit.

**NOTE H - RELATED PARTY TRANSACTIONS**

The total amount receivable from S&D at December 31, 2014 is \$169,640. Effective December 2013, S&D executed a promissory note with the Company to repay the amount owed in monthly installments of \$500 of principal and interest, with the remaining balance due in a balloon payment on September 1, 2023. The note receivable accrues interest of 1% per year and is personally guaranteed by the members of S& D.

**NOTE I - INCOME TAXES**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due, if any, plus deferred income taxes which include the tax consequences on future years of differences between the tax bases of assets and liabilities and their financial reporting amounts. Accounting principles generally accepted in the United States of America allow the recognition of deferred tax assets related to the anticipated benefit of net operating loss carryforwards, subject to certain valuation allowance adjustments.

As of December 31, 2014, the Company has approximately \$709,135 of federal net operating losses and approximately \$681,304 of state net operating losses available for carryforward to future years. The carryforwards begin to expire on December 31, 2023.

A deferred tax asset of \$148,918 as of December 31, 2014 has been recorded to include the tax effect of the federal and state net operating loss carryforwards for tax and financial accounting purposes. A valuation allowance of \$148,918 has also been recorded in connection with this asset as the Company is uncertain as to the realization of any of the tax asset.

The deferred tax asset in the accompanying statement of financial condition consists of the following components as of December 31, 2014:

Net operating loss carry forwards	\$148,918
Valuation allowance	(148,918)

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