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hours per response.....	12.00

I, Timothy M. Bidwell
 my knowledge and belief the above information is true and correct.
 Hazlett, Burt & Watson, Inc.
 on February 24, 2015.

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

SEC FILE NUMBER
17737

neither the company nor any product, prospectus, proposal, contract or document, in any proprietary interest, is classified solely as that of a customer, except as to the following:

**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 01/01/2015 AND ENDING 12/31/2015
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Hazlett, Burt & Watson, Inc.
 ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

1300 Chapline Street

(No. and Street)

Wheeling

WV

26003

(City)

(State)

(Zip Code)

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

Timothy M. Bidwell (304) 233-3312
(Area Code - Telephone Number)

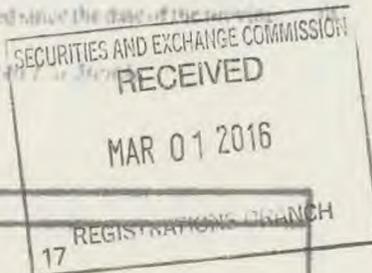
B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Dixon Hughes Goodman LLP
(Name - if individual, state last, first, middle name)
 A Reconciliation between the auditor and the registrant with respect to the audit of
One James Center, 901 E Cary St., Ste 1000 Richmond VA 23210
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not residing in United States or any of its possessions.



FOR OFFICIAL USE ONLY

*Claims for exemption from the requirements 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 (08-02)

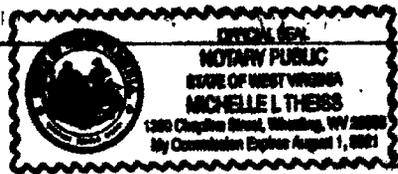
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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 - Top right corner: *JD*
 - Right side, middle: *ly*
 - Right side, bottom: *ly*

OATH OR AFFIRMATION

I, Timothy M. Bidwell, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Hazlett, Burt & Watson, Inc., as of February 24, 2015, 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



Timothy M. Bidwell
Signature
Executive Vice President
Title

Michelle L. Theiss
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 Fractionation 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 SFC 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).

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON SUPPLEMENTAL INFORMATION REPORT

INDEPENDENT ACCOUNTANTS' REPORT ON SUPPLEMENTAL INFORMATION REPORT ON SUBJECT'S GOVERNMENTAL AND PAYMENTS FOR MERIT

FORWARD

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

OMB Number: 1545-0047
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hours per response: 12.00

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

SEC FILE NUMBER

FACING PAGE

Information Required of Brokers and Dealers in Form X-17 of the
Securities Exchange Act of 1934 and Rules Thereunder

HARLETT, BURT & WATSON, INC.

REPORT FOR THE PERIOD ENDING: **Wheeling, West Virginia** ON: **12/31/2015**
FOR THE YEAR ENDING: **12/31/2015**

(S.E.C. ID. No. 8-17737)

A. BEGINS PAGE 1 OF 1

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

December 31, 2015 and 2014

And for the

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

MEANING: **VA** **23, 19**
AND TRAFFIC: **VA**
Joseph A. Burt
IS ACCOUNTING
Dixon Hughes Goodman LLP

1000 **VA** **23, 19**
Richmond **VA** **23, 19**
23, 19

CHECK ONE.

- Certified Public Accountant
- Public Accountant
- Accountant not certified in the United States or any of its jurisdictions.

1000 **VA** **23, 19**

If taken in exception from the requirement that the annual report be covered by the opinion of an independent public accountant, the report must be supported by a statement of facts and circumstances relied on as the basis for the exception. See Section 240.17c-3(d)(2)

JEI: 1410 (03-02)
Potential errors in information contained hereon may be reported to the securities and exchange commission.

HAZLETT, BURT & WATSON, INC.
Wheeling, West Virginia

FINANCIAL STATEMENTS
December 31, 2015 and 2014

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Report of Independent Registered Public Accounting Firm

**Board of Directors
Hazlett, Burt & Watson, Inc.
Wheeling, WV**

We have audited the accompanying statements of financial condition of Hazlett, Burt & Watson, Inc. (a West Virginia corporation) as of December 31, 2015 and 2014, and the related statements of operations, changes in shareholder equity, and cash flows for the years then ended. These financial statements are the responsibility of Hazlett, Burt & Watson, Inc.'s management. 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). 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 financial statements referred to above present fairly, in all material respects, the financial condition of Hazlett, Burt & Watson, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The supplementary information contained in Schedules 1 and 2 has been subjected to audit procedures performed in conjunction with the audit of Hazlett, Burt & Watson, Inc.'s financial statements. The supplemental information is the responsibility of Hazlett, Burt & Watson, Inc.'s management. Our audit procedures included 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 presented 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.

Dixon Hughes Goodman LLP
Richmond, Virginia
February 24, 2016

HAZLETT, BURT & WATSON, INC.
STATEMENTS OF FINANCIAL CONDITION

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents due from financial institutions	\$ 176,394	\$ 202,688
Cash in money market fund	1,799,588	1,385,423
Total cash and cash equivalents	1,975,982	1,588,111
Deposits with clearing organizations	85,000	85,000
Dues from clearing firm	60,691	83,042
Firm trading account, at fair value	357,975	190,301
Firm investment account:		
Marketable, at fair value	1,624,655	1,618,980
Not readily marketable, at estimated fair value	3	37
Receivable from officers and employees	120,000	160,000
Due from affiliates	5,493	5,755
Furniture, equipment and leasehold improvements at cost, less accumulated depreciation of \$429,723 and \$437,907, respectively	107,420	147,139
Real estate and improvements at cost, less less accumulated depreciation of \$196,350 and \$177,118, respectively	211,937	221,180
Advisory fee receivable	1,368,653	1,377,985
Other assets	92,332	88,462
	<u>\$ 6,010,141</u>	<u>\$ 5,565,992</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,609,655	\$ 1,531,884
SHAREHOLDER EQUITY		
Capital stock, \$1.6667 par value, 250,000 shares authorized:		
205,500 shares issued; 203,500 shares outstanding	339,173	339,173
Less - Treasury stock, 2,000 shares at cost	(3,333)	(3,333)
Capital in excess of par value	400,754	400,754
Retained earnings	3,663,892	3,297,514
	<u>4,400,486</u>	<u>4,034,108</u>
	<u>\$ 6,010,141</u>	<u>\$ 5,565,992</u>

See accompanying notes to financial statements.

HAZLETT, BURT & WATSON, INC.
STATEMENTS OF OPERATIONS
 Years ended December 31, 2015 and 2014

REVENUES	<u>2015</u>	<u>2014</u>
Commissions on security transactions	\$ 1,227,707	\$ 1,413,864
Investment advisory revenues	5,707,499	5,328,710
Realized gains on firm trading and investments, net	105,611	128,992
Unrealized gains (losses) on firm trading & investments, net	14,566	34,751
Insurance and annuities	375,408	298,382
Interest and dividends	50,106	41,325
Miscellaneous fees and other income	<u>724,311</u>	<u>737,064</u>
	8,205,208	7,983,088
EXPENSES		
Employee compensation and benefits	2,599,035	2,570,461
Commissions	3,258,159	3,114,853
Communications and data processing	274,251	288,301
Interest	854	1,080
Rent and maintenance	225,416	233,521
Depreciation	59,666	56,565
Clearing and execution charges	186,504	131,638
General, administrative and other expenses	<u>484,945</u>	<u>524,692</u>
	7,088,830	6,921,111
Net Income	\$ <u>1,116,378</u>	\$ <u>1,061,977</u>
Earnings per share based upon net income	\$ <u>5.49</u>	\$ <u>5.22</u>

See accompanying notes to financial statements.

HAZLETT, BURT & WATSON, INC.
STATEMENTS OF CHANGES IN SHAREHOLDER EQUITY
Years ended December 31, 2015 and 2014

	Capital Stock		Treasury Stock		Capital in	Retained	Total
	Shares	Dollars	Shares	Dollars	Excess of Par Value	Earnings	
Balance at January 1, 2014	203,500	\$ 339,173	2,000	\$ (3,333)	\$ 400,754	\$ 3,335,537	\$ 4,072,131
Net Income						1,061,977	1,061,977
Distributions to shareholder						(1,100,000)	(1,100,000)
Balance at December 31, 2014	203,500	339,173	2,000	(3,333)	400,754	3,297,514	4,034,108
Net Income						1,116,378	1,116,378
Distributions to shareholder						(750,000)	(750,000)
Balance at December 31, 2015	<u>203,500</u>	<u>\$ 339,173</u>	<u>2,000</u>	<u>\$ (3,333)</u>	<u>\$ 400,754</u>	<u>\$ 3,663,892</u>	<u>\$ 4,400,486</u>

See accompanying notes to financial statements.

HAZLETT, BURT & WATSON, INC.
 STATEMENTS OF CASH FLOWS
 Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities	\$	\$
Net Income	1,116,378	1,061,977
Depreciation	59,666	56,565
Loss on Disposal of Fixed Assets	8,086	-
Change in assets and liabilities		
Due from clearing organizations	22,351	15,187
Due from affiliates	262	43,237
Trading securities	(167,674)	10,361
Investment securities, net	(5,641)	(6,326)
Receivable from officers and employees	40,000	(113,131)
Advisory fees receivable	9,332	(174,897)
Other assets	(3,870)	15,171
Accounts payable and accrued liabilities	<u>77,771</u>	<u>246,177</u>
Net cash provided by operating activities	1,156,661	1,154,321
 Cash flows from investing activities		
Capital expenditures	<u>(18,790)</u>	<u>(89,053)</u>
Net cash used by investing activities	(18,790)	(89,053)
 Cash flows from financing activities		
Cash distributions to shareholder	<u>(750,000)</u>	<u>(1,100,000)</u>
Net cash used by financing activities	<u>(750,000)</u>	<u>(1,100,000)</u>
Net increase (decrease) in cash and cash equivalents	387,871	(34,732)
Cash and cash equivalents at beginning of year	<u>1,588,111</u>	<u>1,622,843</u>
Cash and cash equivalents at end of year	\$ <u>1,975,982</u>	\$ <u>1,588,111</u>

See accompanying notes to financial statements.

HAZLETT, BURT & WATSON, INC.
NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2015 and 2014

NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

Hazlett, Burt & Watson, Inc. (the "Company") is broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). In May 2006, the Company formed Security Capital Management ("SCM"). This division of the Company is registered with the SEC as an Investment Advisor. SCM provides investment management services under an investment advisor model. The Company is a West Virginia S Corporation that is a wholly owned subsidiary of HB&W, Inc.

The Company is a fully-disclosed introducing broker. The Company has contracted with National Financial Services ("NFS") to execute and clear all customer trades, as well as for the purpose of carrying the securities positions of the customers, along with any corresponding margin balances. Per the agreement with NFS, the Company does not reflect any receivables or liabilities for customer accounts in its financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents: Cash and cash equivalents include cash and deposits with financial institutions with maturities fewer than 90 days and money market mutual funds.

Security transaction accounting: Firm securities transactions affected in the firm investment account are recorded on a trade date basis. Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Customers' securities transactions and related commission revenue and expense are recorded on a trade date basis as well.

Firm trading and investment accounts: Firm trading and investment accounts are recorded at fair value. Changes in fair value on the firm trading and investment accounts are reflected in the results of operations along with dividend or interest income from such securities.

Investment advisory revenues: Investments advisory revenues are recorded on an accrual basis. These fees are based on the account value as of the end of each quarter.

Insurance and annuity revenues: Insurance and annuity policies are considered final when processed and approved by the issuer. The revenue recognition on these products occurs upon approval by the issuer.

Depreciation: Depreciation on real estate and improvements, furniture, leasehold improvements and equipment is provided using various methods over their estimated useful lives of five to thirty-nine years. Leasehold improvements are depreciated over their estimated useful lives or the lease term, whichever is shorter.

Income Tax: The Company has elected by unanimous consent to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay Federal or State corporate income taxes on its taxable income. Instead, all taxable income flows through to the shareholder, HB&W, Inc.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Company has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2015.

HAZLETT, BURT & WATSON, INC.
NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company is subject to income tax of the state of West Virginia. The Company is no longer subject to examination by taxing authorities for years before 2012. The Company recognizes interest and/or penalties related to income tax matters in General, administrative and other expenses.

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

Subsequent Events: The company evaluated the effect subsequent events would have on the financial statements through February 24, 2016, which is the date the financial statements were available to be issued.

NOTE 3 - EARNINGS PER SHARE

Earnings per share are calculated based upon the weighted average number of shares issued and outstanding during 2015 and 2014. The weighted average number of shares for the years ended 2015 and 2014 were 203,500.

NOTE 4 - LEASE COMMITMENTS

The Company leases office facilities and equipment under noncancelable leases which expire at different dates from 2016 through 2017. Certain existing leases contain renewal options. Rental expense charged to operations for the year ended December 31, 2015 and 2014 were \$83,236 and \$96,060 respectively. Minimal lease payments under these operating leases are as follows:

2016	\$ 77,018
2017	<u>34,435</u>
	<u>\$ 111,453</u>

NOTE 5 - NET CAPITAL REQUIREMENT

The Company is subject to regulatory capital requirements set forth by the Securities and Exchange Commission Uniform Net Capital Rule, which requires that "aggregate indebtedness" shall not exceed fifteen times "net capital" as defined by the Rule and "net capital", shall at least be \$250,000. At December 31, 2015, the Company had net capital of \$3,421,842, which was \$3,171,842 in excess of its required minimum net capital of \$250,000. At December 31, 2014, the Company had net capital of \$3,046,957, which was \$2,796,957 in excess of its required minimum net capital of \$250,000. The Company's percentage of aggregate indebtedness to net capital was 47.0% and 50.3% at December 31, 2015 and 2014, respectively.

NOTE 6 - EMPLOYEE BENEFITS

The Company has a discretionary, trustee profit sharing 401(k) plan covering substantially all employees who have attained age 21 and one year of service. The plan is funded through contributions of both employee and employer. The 401(k) provision of the plan was implemented during 2004 and called for a mandatory 3% safe harbor employer contribution of all eligible employee earnings. The safe harbor contribution expensed for 2015 was \$120,456 and \$111,500 for 2014, and is included in the Company's total contribution. The Company's total related expense was \$274,901 for 2015 and \$255,409 for 2014.

HAZLETT, BURT & WATSON, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 7 – SHORT-TERM BORROWINGS

The Company maintains a credit facility with WesBarco Bank. The facility permits the Company to borrow amounts up to \$200,000. The interest rate on borrowings under this credit facility is a fluctuating rate equal to a minimum of 4% at December 31, 2015. This credit facility expires on April 30, 2019. There were no borrowings outstanding on this credit facility at December 31, 2015 and 2014.

The Company maintains its proprietary trading accounts with its clearing broker. These accounts hold the Company's securities inventory and are collateralized by deposits totaling \$75,000 at December 31, 2015 and 2014, as well as all the Company's securities inventory. The Company may borrow up to an agreed-upon percentage of the value of the collateral as specified in the clearing agreements. The accounts bear interest at a rate 4.50% percent at December 31, 2015. Interest expense related to these accounts was \$0 and \$0 for the years ended December 31, 2015 and 2014. The Company had no short term borrowings outstanding under these agreements at December 31, 2015 and 2014.

NOTE 8 – FIRM TRADING AND INVESTMENT ACCOUNTS

The statements of financial condition reflect the fair value of marketable securities and not readily marketable securities in the firm trading and investment accounts. The related amortized cost and fair value are as follows as of December 31:

	<u>2015</u>		<u>2014</u>	
	<u>Firm Trading</u>	<u>Investment</u>	<u>Firm Trading</u>	<u>Investment</u>
Amortized cost:				
Certificate of deposits	\$ 10,800	\$ -	\$ 10,800	\$ -
Government agencies	-	-	1,064	-
Corporate bonds	-	35,665	76,725	46,377
State and municipal debt	23,834	-	100,000	-
Equities	324,860	441,146	-	441,615
Mutual funds	-	-	2,472	-
Total amortized cost:	<u>359,494</u>	<u>476,811</u>	<u>191,061</u>	<u>487,992</u>
Fair value:				
Certificate of deposits	11,741	-	11,533	-
Government agencies	-	-	1,066	-
Corporate bonds	-	35,675	75,096	46,847
State and municipal debt	23,647	-	100,205	-
Equities	322,587	1,588,980	-	1,572,133
Mutual funds	-	-	2,401	-
Total fair value	<u>357,975</u>	<u>1,624,655</u>	<u>190,301</u>	<u>1,618,980</u>
Unrealized gains (losses)	<u>\$ (1,519)</u>	<u>\$ 1,147,844</u>	<u>\$ (760)</u>	<u>\$ 1,130,988</u>

HAZLETT, BURT & WATSON, INC.
HAZLETT, BURT & WATSON, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 9 - FAIR VALUE

NOTE 9 - FAIR VALUE

Fair Value Measurements (ASC 820-10) defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC 820-10, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)

Investment Securities: The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

There have been no changes in the methodologies used at December 31, 2015 and 2014.

	2015	2014
Fixed Income Account		
U.S. Government Securities	1,000,000	1,000,000
Corporate Bonds	2,000,000	2,000,000
Municipal Bonds	1,000,000	1,000,000
Other	500,000	500,000
Fixed Income Account	4,500,000	4,500,000
Fixed Investment Account		
Equity Securities	1,000,000	1,000,000
Real Estate	500,000	500,000
Other	500,000	500,000
Fixed Investment Account	2,000,000	2,000,000

HAZLETT, BURT & WATSON, INC.
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015 and 2014
 December 31, 2015 and 2014

NOTE 9 - FAIR VALUE (Continued)

The following tables present the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31. All assets measured at fair value on a recurring basis are measured at fair value using Level 1 inputs for the period ended December 31.

Fair Value Measurements on a Recurring Basis
As of December 31, 2015

	Level 1	Level 2	Level 3	Fair Value
Firm trading account				
Certificate of Deposits	\$ 11,741	\$ -	\$ -	\$ 11,741
State and municipal bonds	-	23,647	-	23,647
Equities:				
Financial services sector	225,150	-	-	225,150
Energy Sector	97,437	-	-	97,437
	<u>\$ 334,328</u>	<u>\$ 23,647</u>	<u>\$ -</u>	<u>\$ 357,975</u>
Firm investment account:				
Corporate bonds	35,675	-	-	35,675
Equities:				
Equities and derivatives				
Exchange companies	768,780	-	-	768,780
Financial services sector	820,200	-	-	820,200
Other	-	-	3	3
	<u>\$ 1,624,655</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 1,624,658</u>

Fair Value Measurements on a Recurring Basis
As of December 31, 2014

	Level 1	Level 2	Level 3	Fair Value
Firm trading account				
Certificate of Deposits	\$ 11,533	\$ -	\$ -	\$ 11,533
Government agencies	1,066	-	-	1,066
Corporate bonds	75,096	-	-	75,096
State and municipal bonds	-	100,205	-	100,205
Mutual funds	2,401	-	-	2,401
	<u>\$ 90,096</u>	<u>\$ 100,205</u>	<u>\$ -</u>	<u>\$ 190,301</u>
Firm investment account:				
Corporate bonds	46,847	-	-	46,847
Equities:				
Equities and derivatives				
Exchange companies	675,633	-	-	675,633
Financial services sector	896,500	-	-	896,500
Other	-	-	37	37
	<u>\$ 1,618,980</u>	<u>\$ -</u>	<u>\$ 37</u>	<u>\$ 1,619,017</u>

(Continued)

HAZLETT, BURT & WATSON, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 9 - FAIR VALUE (Continued)

The table below presents a reconciliation of all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the period ended December 31:

	Nonmarketable equity securities	
	<u>2015</u>	<u>2014</u>
Balance of recurring Level 3 assets at January 1	\$ 37	\$ 43
Total gains or losses (realized/unrealized):		
Included in earnings – realized	5	25
Included in earnings – unrealized	(44)	(26)
Purchase and Sale of Level 3 assets (net)	<u>5</u>	<u>(5)</u>
 Balance of recurring Level 3 assets at December 31	 <u>\$ 3</u>	 <u>\$ 37</u>

The table below summarizes changes in unrealized gains and losses recorded in earnings for the year ended December 31 for Level 3 assets and liabilities that are still held at December 31.

	Changes in Unrealized Gains/Losses Relating to Assets Still Held at Reporting Date for the Year Ended December 31	
	<u>2015</u>	<u>2014</u>
Other changes in fair value	\$ (44)	\$ (26)
Total	<u>\$ (44)</u>	<u>\$ (26)</u>

NOTE 10 - RELATED PARTY TRANSACTIONS

During 1999, a West Virginia Corporation, HB&W, Inc. was formed to serve as a holding company for Hazlett, Burt & Watson, Inc. and Security National Trust Company. Security National Trust Company is a national non-depository bank that provides trust and custodial services. Both Hazlett, Burt & Watson, Inc. and Security National Trust Company are 100% owned subsidiaries of HB&W, Inc.

Hazlett, Burt & Watson, Inc. advances funds to HB&W, Inc. as needed on an interest free basis. This amount is payable on demand. As of December 31, 2015 and 2014, Hazlett, Burt & Watson, Inc. is owed \$0 and \$0 from HB&W, Inc.

In addition, Hazlett, Burt & Watson, Inc. periodically provides brokerage, clerical, computer support and miscellaneous services, under a support services agreement, at cost, and leases office space to Security National Trust Company in the Wheeling, West Virginia office. The terms of the lease require Security National Trust Company to pay \$33,900 per year for the period January 1, 2015 through December 31, 2015. As of December 31, 2015 and 2014, Hazlett, Burt & Watson, Inc. is owed \$5,493 and \$5,755 from Security National Trust Company. During the years ended December 31, 2015 and 2014 the company paid, and was reimbursed, \$650,858 and \$537,049, respectively, of expenses under this agreement.

Security National Trust Company acts as Trustee and Custodian of the Hazlett, Burt & Watson, Inc. Profit Sharing 401(k) Plan, which Plan has been adopted by both companies for substantially all of its employees. Security National Trust Company charges the standard and customary fees for providing these services. During 2015, the Company paid Security \$28,474 for these services, and \$27,797 in 2014.

(Continued)

HAZLETT, BURT & WATSON, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 10 – RELATED PARTY TRANSACTIONS (Continued)

Security National Trust Company maintains a line of credit at Hazlett, Burt & Watson, Inc. in the amount of \$500,000. As of December 31, 2015 and 2014, Security National Trust Company had not drawn on the available credit. This line of credit is unsecured, is payable on demand and carries an interest rate of prime less 1%.

NOTE 11 – CONCENTRATIONS OF CREDIT RISK

The clearing and depository operations for the Company's securities transactions are performed by its clearing firm pursuant to a clearance agreement. At December 31, 2015 and 2014, all of the securities owned, which are presented on the accompanying Statement of Financial Condition, are held by the clearing firm, who is the custodian. The clearing firm is a member of a nationally recognized exchange. Included on the balance sheet at December 31, 2015 and 2014, the Company has \$1,799,588 and \$1,385,423 included in cash and cash equivalents; \$75,000 and \$75,000 included in deposits with clearing organizations; and \$60,691 and \$83,042 as a receivable from clearing firm. The Company consistently monitors the credit worthiness of the clearing firm to mitigate the Company's exposure to credit risk.

The Company currently maintains operations in Wheeling and Vienna, West Virginia, Barnesville, Ohio and in Lancaster, Pennsylvania. At these locations the Company engages in various trading and brokerage activities whose counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

In the normal course of its business, the Company is contingently liable to its clearing brokers/dealers for margin requirements of customer margin securities transactions, the failure to deliver securities sold or nonpayment of securities purchased by a customer.

NOTE 12 – DEPOSITS WITH CLEARING ORGANIZATIONS

Included in the statements of financial condition in the line titled, "Deposits with Clearing Organizations" are deposits with clearing organizations in the amount of \$85,000, consisting of \$85,000 in cash as of December 31, 2015 and 2014.

NOTE 13 – RISKS AND UNCERTAINTIES

The Company has significant investments in various securities. Investments in these securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with these investment securities, it is at least reasonably possible that changes in the values of these securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

HAZLETT, BURT & WATSON, INC.
COMPUTATION OF NET CAPITAL PURSUANT TO
RULE 15c3-1 OF THE SECURITIES EXCHANGE ACT OF 1934

As of December 31, 2015

As of December 31, 2015

NET CAPITAL

TOTAL SHAREHOLDER'S EQUITY \$ 4,400,486

HAZLETT, BURT & WATSON, INC. IS EXEMPT FROM RULE 15c3-1(b) OF THE SECURITIES EXCHANGE ACT OF 1934. THEREFORE, THE COMPANY HAS NOT PERFORMED THE REQUIRED COMPUTATIONS FOR THIS REPORT.

DEDUCTIONS AND/OR CHARGES

Non-allowable assets:

Receivables from non-customers	10,000
Securities owned not readily marketable	3
Investment in and receivable from affiliate	5,493
Furniture, equipment, leasehold improvements, and real estate	319,357
Prepaid expenses and other assets	212,333
Other deductions and/or charges	5,290
Total non-allowable assets	552,476

Net capital before haircuts on security positions 3,848,010

HAIRCUTS ON SECURITIES

Trading and investment securities:

State and municipal obligations	1,473
Money market and cash equivalents	36,054
Corporate obligations	713
Stocks, warrants and other	286,735
Undue concentrations	101,194
Total haircuts	426,169

NET CAPITAL \$ **3,421,841**

AGGREGATE INDEBTEDNESS

COMPUTATION OF AGGREGATE INDEBTEDNESS

Accounts payable and accrued expenses	\$ 1,609,655
Total aggregate indebtedness	\$ 1,609,655

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

MINIMUM NET CAPITAL REQUIRED (6-2/3% OF AGGREGATE
Indebtedness or \$250,000 minimum)

\$ 250,000

EXCESS NET CAPITAL

\$ 3,171,841

EXCESS NET CAPITAL OF 1000%

(net capital in excess of 120% of minimum net capital required)

\$ 3,121,841

PERCENTAGE OF AGGREGATE INDEBTEDNESS TO
NET CAPITAL

47.0%

The above computations do not differ materially from the Company's computations, as shown in its FOCUS Reports Form X-17A5, Part II-A, dated December 31, 2015.

HAZLETT, BURT & WATSON, INC.
STATEMENT REGARDING RULE 15c3-3 OF THE SECURITIES
EXCHANGE ACT OF 1934
As of December 31, 2015

Hazlett, Burt & Watson, Inc. is exempt under Rule 15c3-3(k)(2)(ii) from the requirement to make computations for the determination of reserve requirements for the exclusive benefit of customers.

Hazlett, Burt & Watson, Inc. (the "Company") Report
as of December 31, 2015

The Company is a member of the Financial Industry Regulatory Authority ("FINRA") and is subject to the requirements of Rule 15c3-3 of the Securities Exchange Act of 1934. The Company has elected to be exempt from the requirements of Rule 15c3-3(k)(2)(ii) under the Act. The Company's exemption is based on its status as a member of FINRA and its compliance with the requirements of Rule 15c3-3(k)(2)(ii).

The Company's exemption is based on its status as a member of FINRA and its compliance with the requirements of Rule 15c3-3(k)(2)(ii). The Company's exemption is based on its status as a member of FINRA and its compliance with the requirements of Rule 15c3-3(k)(2)(ii).

The Company's exemption is based on its status as a member of FINRA and its compliance with the requirements of Rule 15c3-3(k)(2)(ii). The Company's exemption is based on its status as a member of FINRA and its compliance with the requirements of Rule 15c3-3(k)(2)(ii).

Hazlett, Burt & Watson, Inc.

The Company's exemption is based on its status as a member of FINRA and its compliance with the requirements of Rule 15c3-3(k)(2)(ii). The Company's exemption is based on its status as a member of FINRA and its compliance with the requirements of Rule 15c3-3(k)(2)(ii).

[Signature]

Executive Vice President

February 25, 2016

Hazlett, Burt & Watson, Inc.



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Wheeling, WV 26003
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Report of Independent Registered Public Accounting Firm

Hazlett, Burt & Watson, Inc. Exemption Report As of December 31, 2015

Hazlett, Burt & Watson, 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 dealer"). 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:

The Company claimed and exemption from 17 C.F.R. §240.15c3-3 under the following provisions of 17 C.F.R. §240.15c3-3(k)(ii):

The Company, as an introducing broker or dealer, clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, and promptly transmits all customer funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of §§240.17a-3 and 240.17a-4

Further, the Company met the identified exemption provisions throughout the most recent year from January 1, 2015 through December 31, 2015 without exception.

Hazlett, Burt & Watson, Inc.

I, Timothy M. Bidwell, swear (or affirm) that, to the best knowledge and belief, this Exemption Report is true and correct.

By:

Title: Executive Vice President

February 23, 2016



**Independent Registered Public Accounting Firm's Agreed-Upon Procedures Report On Schedule Of Assessment And Payments
Report Of Independent Registered Public Accounting Firm**

**Board of Directors and Shareholders
Hazlett, Burt & Watson, Inc.
Wheeling, WV**

We have reviewed management's statements, included in the accompanying Hazlett, Burt & Watson, Inc. Exemption Report as of December 31, 2015, in which (1) Hazlett, Burt & Watson, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Hazlett, Burt & Watson, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(ii) (the "exemption provisions") and (2) Hazlett, Burt & Watson, Inc. stated that met the identified exemption provisions throughout the most recent fiscal year from January 1, 2015 through December 31, 2015 without exception. Hazlett, Burt & Watson, Inc.'s management is responsible for compliance with the exemption 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 Hazlett, Burt & Watson, 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 above 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.

Dixon Hughes Goodman LLP

**Richmond, Virginia
February 24, 2016**

We were not engaged to conduct, 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 any other party. These specified parties

Dixon Hughes Goodman LLP

**Richmond, Virginia
February 24, 2016**



Independent Registered Public Accounting Firm's Agreed-Upon Procedures Report On Schedule Of Assessment And Payments (Form SIPC-7)

Board of Directors
Hazlett, Burt & Watson, Inc.
Wheeling, WV

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, 2015, which were agreed to by Hazlett, Burt & Watson, Inc. (the "Company"), and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of Form SIPC-7. The Company's management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). 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 of the Company, noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2015, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2015, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally completed, 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.

Dixon Hughes Goodman LLP

Richmond, Virginia
February 24, 2016

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 12/31/2015

(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:

1818*****1881*****MEMBER AADC 220
017737 FINRA DEC
HAZLETT BURT & WATSON INC
1320 CHAMPLAIN ST
WHEELING WV 26060-3040

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) \$ 17,021
- B. Less payment made with SIPC-6 filed (exclude interest) 8,645
07-21-2015
Date Paid
- C. Less prior overpayment applied —
- D. Assessment balance due or (overpayment) 8,376
- 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) \$ 8,376
- G. PAID WITH THIS FORM:
Check enclosed, payable to SIPC
Total (must be same as F above) \$ 8,376
- H. Overpayment carried forward \$(—)

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number): 17,761

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.

Handwritten signature: Hazlett Burt & Watson Inc
Handwritten signature: [Signature]
Exec. V.P. SIPC

Dated the 26 day of February, 2016

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 8 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER
Dates: Postmarked _____ Received _____ Reviewed _____
Calculations _____ Documentation _____
Exceptions: _____
Disposition of exceptions: _____

29,298
1,444,209
Forward Copy 278
6,818,078
17,021

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

Amounts for the fiscal period
beginning 1/1/2015
and ending 12/31/2015

Item No.	Eliminate cents
2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)	<u>\$ 8,305,207</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>2,290</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>2,290</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>1,110,602</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>279,724</u>
(4) Reimbursements for postage in connection with proxy solicitation.	<u>-</u>
(5) Net gain from securities in investment accounts.	<u>35,924</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>9,761</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. (See Instruction C):	
<u>Real Estate Rental Income</u> (Deductions in excess of \$100,000 require documentation)	<u>33,900</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>\$ 854</u>
(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).	<u>\$ 29,298</u>
Enter the greater of line (i) or (ii)	<u>29,298</u>
Total deductions	<u>1,499,209</u>
2d. SIPC Net Operating Revenues	<u>\$ 6,808,288</u>
2e. General Assessment @ .0025	<u>\$ 17,021</u>

(to page 1, line 2.A.)