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SECURITIES AND EXCHANGE COMMISSION  
RECEIVED  
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SECURITIES AND EXCHANGE COMMISSION

RECEIVED  
FEB 29 2016

SEC FILE NUMBER
8- 65527

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DIVISION OF TRADING & MARKETS

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: **Sterling Monroe Securities, LLC**  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
**168 Forest Avenue**

OFFICIAL USE ONLY
FIRM I.D. NO.

**Locust Valley** (City) **NY** (State) **11560** (Zip Code)  
(No. and Street)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
**Breard & Associates, Inc.**

**9221 Corbin Avenue, Suite 170 Northridge** (Address) **CA** (State) **91324** (Zip Code)  
(Name - if individual, state last, first, middle name)

**CHECK ONE:**

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

<b>FOR OFFICIAL USE ONLY</b>

\*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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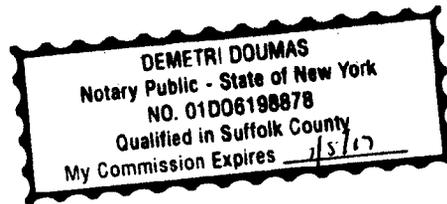
OATH OR AFFIRMATION

I, Monroe M. Diefendorf, Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Sterling Monroe Securities, LLC, as of December 31, 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:

State of NEW YORK  
County of NASSAU  
Subscribed and sworn to (or affirmed) before me on this 16<sup>th</sup> day of FEBRUARY, 2016 by MONROE M. DIEFENDORF, JR. proved to me on the basis of satisfactory evidences to be the person who appeared before me.

[Signature]  
Signature  
PRES.  
Title

[Signature]  
Notary Public



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

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

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



**BREARD & ASSOCIATES, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Registered Public Accounting Firm

To the Member of  
Sterling Monroe Securities, LLC:

We have audited the accompanying statement of financial condition of Sterling Monroe Securities, LLC (the Company) as of December 31, 2015, and the related statements of income, changes in member's equity, and cash flows for the year then ended. These financial statements are the responsibility of Sterling Monroe Securities, LLC'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 also 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 position of Sterling Monroe Securities, LLC as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information contained in Schedules I, II, and III (supplemental information) has been subjected to audit procedures performed in conjunction with the audit of Sterling Monroe Securities, LLC's financial statements. The supplementary information is the responsibility of Sterling Monroe Securities, LLC's management. Our audit procedures included determining whether the supplementary 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 17 C.F.R. § 240.17a-5. In our opinion, Schedules I, II, and III are fairly stated, in all material respects, in relation to the financial statements as a whole.

*Breard & Associates, Inc.*

Breard & Associates, Inc.  
Certified Public Accountants

New York, New York  
February 24, 2016

9221 Corbin Avenue, Suite 170, Northridge, California 91324  
phone 818.886.0940 fax 818.886.1924 web www.baicpa.com

LOS ANGELES CHICAGO NEW YORK OAKLAND SEATTLE

**WE FOCUS & CARE**

**Sterling Monroe Securities, LLC**  
**Statement of Financial Condition**  
**December 31, 2015**

**Assets**

Cash	\$ 19,421
Deposit with clearing organization	13,719
Commissions receivable	22,534
Other receivables	7,309
Prepaid expense	82,276
Property and equipment, net	<u>3,386</u>
<b>Total assets</b>	<b><u>\$ 148,645</u></b>

**Liabilities and Member's Equity**

**Liabilities**

Accounts payable and accrued expenses	<u>\$ 25,203</u>
<b>Total liabilities</b>	25,203

**Member's equity**

Member's equity	<u>123,442</u>
<b>Total member's equity</b>	<u>123,442</u>
<b>Total liabilities and equity</b>	<b><u>\$ 148,645</u></b>

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

**Sterling Monroe Securities, LLC**  
**Statement of Income**  
**For the Year Ended December 31, 2015**

**Revenues**

Commission income	\$ 429,930
Interest income	<u>1</u>
<b>Total revenues</b>	<b>429,931</b>

**Expenses**

Commission expense	119,042
Management fees	SEC 117,959
Professional fees	Mail Processing Section 30,863
Insurance	FEB 25 2016 41,711
Regulatory and license fees	25,286
Occupancy expense	Washington DC 409 12,000
Other operating expenses	<u>51,345</u>
<b>Total expenses</b>	<b><u>398,206</u></b>
<b>Net income (loss)</b>	<b><u>\$ 31,725</u></b>

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

**Sterling Monroe Securities, LLC**  
**Statement of Changes in Member's Equity**  
**For the Year Ended December 31, 2015**

	<u>Member's Equity</u>
<b>Balance at December 31, 2014</b>	\$ 91,717
Net income (loss)	<u>31,725</u>
<b>Balance at December 31, 2015</b>	<u><u>\$ 123,442</u></u>

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

**Sterling Monroe Securities, LLC**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2015**

**Cash flow from operating activities:**

Net income (loss)		\$ 31,725
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	\$ 1,668	
(Increase) decrease in assets:		
Commissions receivable	11,550	
Other receivables	(4,131)	
Prepaid expense	(49,758)	
Deposit with clearing organization	1,281	
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	11,332	
Total adjustments		(28,058)
<b>Net cash provided by (used in) operating activities</b>		<b>3,667</b>
<b>Net cash provided by (used in) in investing activities</b>		<b>-</b>
<b>Net cash provided by (used in) financing activities</b>		<b>-</b>
<b>Net increase (decrease) in cash</b>		<b>3,667</b>
<b>Cash at beginning of year</b>		<b>15,754</b>
<b>Cash at end of year</b>		<b>\$ 19,421</b>

**Supplemental disclosure of cash flow information:**

Cash paid during the year for:

Interest	\$ 15	
Income taxes	\$ 76	

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

**Sterling Monroe Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2015**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*General*

Sterling Monroe Securities, LLC. (The "Company") was organized in the State of New York on May 1, 2002. The Company is a registered broker-dealer in securities under the Securities and Exchange Act of 1934, a member of the Financial Industry Regulatory Authority ("FINRA"), and the Securities Investor Protection Corporation ("SIPC"), and is registered with the Municipal Securities Rulemaking Board ("MSRB").

The Company operates as an introductory security dealer, earning commissions on investments recommended through financial planning activities of related companies. The Company also earns commissions through the sale of variable annuities.

The Company is 100% owned by The Diefendorf Family Trust, effective December 12, 2012.

Under its membership agreement with FINRA and pursuant to Rule 15c3-1(k)(2)(ii), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

*Summary of Significant Accounting Policies*

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Commissions receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

Receivable from clearing organizations represents commissions earned on securities transactions. These receivables are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

Securities transactions are recorded on a trade date basis with related commission income and expenses also recorded on a trade date basis.

**Sterling Monroe Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2015**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Property and equipment are stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized.

The Company is treated as a disregarded entity for federal income tax purposes, in accordance with single member limited liability company rules. All tax effects of the Company's income or loss are passed through to the member. Therefore, no provision or liability for Federal Income Taxes is included in these financial statements.

**Note 2: DEPOSIT WITH CLEARING ORGANIZATION**

The Company has a brokerage agreement with Sterne Agee Clearing Inc. ("Clearing Broker") to carry its account and the accounts of its clients as customers of the Clearing Broker. The Clearing Broker has custody of the Company's cash balances which serve as collateral for any amounts due to the Clearing Broker as well as collateral for securities sold short or securities purchased on margin. Interest is paid monthly on these cash deposits at the average overnight repurchase rate. The balance at December 31, 2015 was \$13,719.

**Note 3: PROPERTY AND EQUIPMENT**

Property and equipment are recorded net of accumulated depreciation and summarized by major classification as follows:

Computer equipment	\$ 8,390	<u>Useful Life</u> 5
Office equipment	<u>6,146</u>	5-7
Total cost of property and equipment	14,536	
Less: accumulated depreciation	<u>(11,150)</u>	
Property and equipment, net	<u>\$ 3,386</u>	

Depreciation expense for the year ended December 31, 2015 was \$1,668.

**Sterling Monroe Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2015**

**Note 4: INCOME TAXES**

As discussed in the Summary of Significant Accounting Policies (Note 1), the Company operates as a limited liability company treated as a disregarded entity for tax purposes. Accordingly, all tax effects of the Company's income or loss are passed through to the member and no provision or liability for Federal Income Taxes is included in these financial statements.

The Company is required to file income tax returns in state and local tax jurisdictions. The Company's tax returns are subject to examination by taxing authorities in the jurisdictions in which it operates in accordance with the normal statutes of limitations in the applicable jurisdiction. The statute of limitations for state purposes is generally three years, but may exceed this limitation depending upon the jurisdiction involved. Returns that were filed within the applicable statute remain subject to examination. As of December 31, 2015, the taxing authorities have not proposed any adjustment to the Company's tax position.

**Note 5: COMMISSIONS AND BONUSES TO LICENSED REPRESENTATIVES**

The firm compensates a number of licensed representatives contractually based on the revenues they help the firm generate, in the form of commissions and bonuses. Additional commissions and bonus are paid to the firm's principal on a discretionary basis. During 2015, \$0 was paid out to the principal under this arrangement.

**Note 6: RELATED PARTY TRANSACTIONS**

Under an Expense Agreement between the Company and Diefendorf Management Services, LLC ("DMS") originally dated July 1, 2004, and revised January 1, 2012, the Company pays DMS \$9,000 a month in management fees. The management fees represent a reimbursement of allocated operating costs for administrative and support salaries, computer maintenance, supplies, communications and postage. For 2015, management fees amounted to \$117,959 and are included on the accompanying Statement of Income.

In addition, the Expense Agreement includes a \$1,000 per month charge for the office space at 168 Forest Avenue, Locust Valley New York, payable to a related Diefendorf family entity, 93 Main Street Associates. Total rent for 2015 was \$12,000, and is included in the accompanying Statement of Income.

Under a separate arrangement, the Company paid DMS \$2,000 per month for software licensing in 2015, or \$24,000 for the year. This expense is included under "Other Operating Expenses" in the accompanying Statement of Income.

It is possible that the terms of certain of the related party transactions are not the same as those that would result for transactions among wholly unrelated parties.

**Sterling Monroe Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2015**

**Note 7: CAPTIVE INSURANCE COMPANY PAYMENTS**

During 2015, the Company made payments totaling \$28,500 to a Captive Insurance Company owned by Oxford Management Company, LLC, located in state of Tennessee. These payments were made in order to provide a reserve against potential insurance claims that fall under the firm's Errors and Omissions insurance coverage policy deductible. No losses have been incurred to date.

**Note 8: CONCENTRATIONS OF CREDIT RISK**

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include broker-dealers, banks, and other financial institutions. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

**Note 9: COMMITMENT AND CONTINGENCIES**

The Company had no commitments, no contingent liabilities and had not been named as a defendant in any lawsuit at December 31, 2015 or during the year then ended.

**Note 10: GUARANTEES**

FASB ASC 460, Guarantees, requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying factor (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or nonoccurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. This guidance also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of indebtedness of others.

The Company has issued no guarantees at December 31, 2015 or during the year then ended.

**Sterling Monroe Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2015**

**Note 11: SUBSEQUENT EVENTS**

The Company has evaluated events subsequent to the balance sheet date for items requiring recording or disclosure in the financial statements. The evaluation was performed through the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.

**Note 12: RECENTLY ISSUED ACCOUNTING STANDARDS**

The Financial Accounting Standards Board (the "FASB") has established the Accounting Standards Codification ("Codification" or "ASC") as the authoritative source of generally accepted accounting principles ("GAAP") recognized by the FASB. The principles embodied in the Codification are to be applied by nongovernmental entities in the preparation of financial statements in accordance with GAAP in the United States. New accounting pronouncements are incorporated into the ASC through the issuance of Accounting Standards Updates ("ASUs").

For the year ending December 31, 2015, various ASUs issued by the FASB were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year then ended.

The Company has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Company's financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the Company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.

**Note 13: NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC 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. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. Net capital and aggregate indebtedness change day to day, but on December 31, 2015, the Company had net capital of \$30,471 which was \$25,471 in excess of its required net capital of \$5,000; and the Company's ratio of aggregate indebtedness (\$25,202) to net capital was 0.83 to 1, which is less than the 15 to 1 maximum allowed.

**Sterling Monroe Securities, LLC**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**As of December 31, 2015**

**Computation of net capital**

Member's equity	\$ <u>123,442</u>	
<b>Total member's equity</b>		\$ 123,442
Less: Non-allowable assets		
Other receivables	(7,309)	
Prepaid expense	(82,276)	
Property & equipment	<u>(3,386)</u>	
<b>Total non-allowable assets</b>		<u>(92,971)</u>
<b>Net capital</b>		30,471

**Computation of net capital requirements**

Minimum net capital requirements		
6 2/3 percent of net aggregate indebtedness	\$ 1,681	
Minimum dollar net capital required	<u>\$ 5,000</u>	
Net capital required (greater of above)		<u>(5,000)</u>
<b>Excess net capital</b>		<u>\$ 25,471</u>

Ratio of aggregate indebtedness to net capital 0.83 : 1

There was no material difference between net capital computation shown here and the net capital computation shown on the Company's unaudited Form X-17A-5 report dated December 31, 2015.

*See independent auditor's report*

**Sterling Monroe Securities, LLC**  
**Schedule II - Computation for Determining of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2015**

Information relating to possession or control requirements is not applicable to Sterling Monroe Securities, LLC as the Company qualifies for exemption under Rule 15c3-3(k)(2)(ii).

*See independent auditor's report*

**Sterling Monroe Securities, LLC**  
**Schedule III - Information Relating to Possession or Control**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2015**

Information relating to possession or control requirements is not applicable to Sterling Monroe Securities, LLC as the Company qualifies for exemption under Rule 15c3-3(k)(2)(ii).

*See independent auditor's report*

**Sterling Monroe Securities, LLC**  
**Report on Exemption Provisions**  
**Report Pursuant to Provisions of 17 C.F.R. § 15c3-3(k)**  
**For the Year Ended December 31, 2015**



BREARD & ASSOCIATES, INC.  
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Registered Public Accounting Firm

We have reviewed management's statements, included in the accompanying Assertions Regarding Exemption Provisions, in which (1) Sterling Monroe Securities, LLC identified the following provisions of 17 C.F.R. § 15c3-3(k) under which Sterling Monroe Securities, LLC claimed an exemption from 17 C.F.R. § 240.15c3-3: (k)(2)(ii) (the "exemption provisions") and (2) Sterling Monroe Securities, LLC stated that Sterling Monroe Securities, LLC met the identified exemption provisions throughout the year ended December 31, 2015, without exception. Sterling Monroe Securities, LLC'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 Sterling Monroe Securities, LLC'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.

*Breard & Associates, Inc.*

Breard & Associates, Inc.  
Certified Public Accountants

New York, New York  
February 24, 2016

9221 Corbin Avenue, Suite 170, Northridge, California 91324  
phone 818.886.0940 fax 818.886.1924 web www.baicpa.com

LOS ANGELES CHICAGO NEW YORK OAKLAND SEATTLE

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**3 DIMENSIONAL**  
WEALTH ADVISORY

**Assertions Regarding Exemption Provisions**

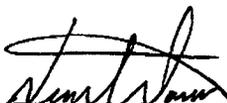
We, as members of management of Sterling Monroe Securities, LLC (“the Company”), are responsible for compliance with the annual reporting requirements under Rule 17a-5 of the Securities Exchange Act of 1934. Those requirements compel a broker or dealer to file annual reports with the Securities Exchange Commission (SEC) and the broker or dealer’s designated examining authority (DEA). One of the reports to be included in the annual filing is an exemption report prepared by an independent public accountant based upon a review of assertions provided by the broker or dealer. Pursuant to that requirement, the management of the Company hereby makes the following assertions:

The Company claims exemption from the custody and reserve provisions of Rule 15c3-3 by operating under the exemption provided by Rule 15c3-3, Paragraph (k)(2)(ii).

The Company met the identified exemption provision without exception throughout the year ending December 31, 2015.

Sterling Monroe Securities, LLC

By:

 COO  
\_\_\_\_\_  
(Name and Title)

2/16/16  
\_\_\_\_\_  
(Date)

152 Forest Avenue | Locust Valley, NY 11560 | P: 516-759-3900 | F: 516-759-3928