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## OMB APPROVAL

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

SEC  
Mail Processing  
Section

FEB 29 2016

Washington DC

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

SEC FILE NUMBER

8-45163

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:

Wm. Smith &amp; Co.

OFFICIAL USE ONLY

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

19 Sunset Drive

FIRM I.D. NO.

(No. and Street)

Englewood

Colorado

80113

(City)

(State)

(Zip Code)

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

Lee Poelma

(303) 831-9696

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Hein &amp; Associates LLP

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

1999 Broadway, Suite 4000

Denver

Colorado

80202

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

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

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

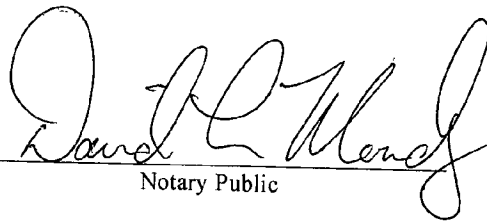
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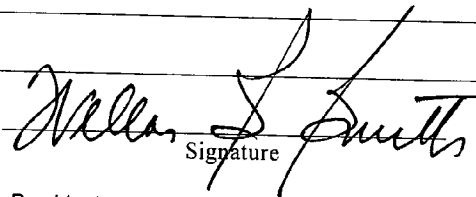
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## OATH OR AFFIRMATION

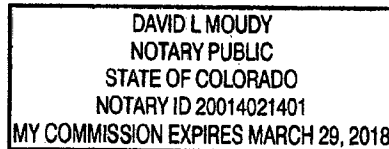
I, William S. Smith, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Wm Smith & Co of December 31, 2015, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

  
Notary Public

  
Signature

President

Title



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

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

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

# WM SMITH & CO

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Hein & Associates LLP      www.heincpa.com  
1999 Broadway, Suite 4000      p 303.298.9600  
Denver, Colorado 80202      f 303.298.8118

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholders  
Wm Smith & Co.  
Englewood, Colorado

We have audited the accompanying statement of financial condition of Wm Smith & Co. (the "Company") as of December 31, 2015, and the related statements of operations, changes in stockholders' equity and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements. These financial statements are the responsibility of the Company'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. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wm Smith & Co. as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The supplementary information contained in Schedule I (the "Supplemental Information") has been subjected to audit procedures performed in conjunction with the audit of Wm Smith & Co.'s financial statements. The Supplemental Information is the responsibility of Wm Smith & Co.'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.

To the Stockholders  
Wm Smith & Co.  
Page 2

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, the supplementary information contained in Schedule I is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Hein & Associates LLP*

Hein & Associates LLP

Denver, Colorado  
February 26, 2016

# WM SMITH & CO

## Statement of Financial Condition

December 31, 2015

### Assets

#### Assets

|                                                                     |               |
|---------------------------------------------------------------------|---------------|
| Cash and cash equivalents                                           | \$ 556,852    |
| Marketable securities owned                                         | 983,669       |
| Due from clearing broker                                            | 63,380        |
| Due from stockholders and affiliate                                 | 881,445       |
| Prepaid expenses                                                    | 10,227        |
| Deposits                                                            | 12,243        |
| Property and equipment, net of accumulated depreciation of \$53,204 | <u>37,014</u> |

Total assets \$ 2,554,830

### Liabilities and Stockholders' Equity

#### Liabilities

Accrued liabilities \$ 173,597

Total liabilities 173,597

#### Commitments and contingencies (Note 6)

#### Stockholders' equity

|                                                                                                   |                  |
|---------------------------------------------------------------------------------------------------|------------------|
| Common stock, \$0.20 par value; 6,000,000 shares authorized, 50,000 shares issued and outstanding | 10,000           |
| Additional paid-in capital                                                                        | 681,500          |
| Retained earnings                                                                                 | <u>1,689,733</u> |
| Total stockholders' equity                                                                        | <u>2,381,233</u> |

Total liabilities and stockholders' equity \$ 2,554,830

See notes to financial statements.

**WM SMITH & CO**  
**Statement of Operations**

For the Year Ended  
December 31, 2015

---

|                                                  |                     |
|--------------------------------------------------|---------------------|
| Revenues                                         | \$ 920,516          |
| Commissions                                      | 184,876             |
| Sales income                                     | <u>24,826</u>       |
| Investment banking revenue                       | 1,130,218           |
| Total commissions and investment banking revenue |                     |
|                                                  | (590,036)           |
| Trading losses                                   | <u>11,892</u>       |
| Other income                                     | <u>552,074</u>      |
| Total revenues                                   |                     |
| Expenses                                         | 617,213             |
| Employee compensation and benefits               | 396,416             |
| Other operating expenses                         | 256,772             |
| Clearing expenses                                | <u>20,564</u>       |
| Depreciation                                     | <u>1,290,965</u>    |
| Total expenses                                   | <u>\$ (738,891)</u> |
| Net loss                                         |                     |

See notes to financial statements.

**WM SMITH & CO**  
**Statement of Changes in Stockholders' Equity**  
**For the Year Ended December 31, 2015**

|                             | <u>Common Stock</u> |                  | <u>Additional<br/>Paid-In<br/>Capital</u> | <u>Retained<br/>Earnings</u> | <u>Total<br/>Stockholders'<br/>Equity</u> |
|-----------------------------|---------------------|------------------|-------------------------------------------|------------------------------|-------------------------------------------|
|                             | <u>Shares</u>       | <u>Amount</u>    |                                           |                              |                                           |
| Balance - January 1, 2015   | 50,000              | 10,000           | 681,500                                   | 2,453,624                    | 3,145,124                                 |
| Stockholder distributions   | -                   | -                | -                                         | (25,000)                     | (25,000)                                  |
| Net loss                    | -                   | -                | -                                         | (738,891)                    | (738,891)                                 |
| Balance - December 31, 2015 | <u>50,000</u>       | <u>\$ 10,000</u> | <u>\$ 681,500</u>                         | <u>\$ 1,689,733</u>          | <u>\$ 2,381,233</u>                       |

See notes to financial statements.

**WM SMITH & CO**  
**Statements of Cash Flows**

For the Year Ended  
December 31, 2015

|                                                                            |                          |
|----------------------------------------------------------------------------|--------------------------|
| Cash flows from operating activities                                       |                          |
| Net loss                                                                   | \$ (738,891)             |
| Adjustments to reconcile net loss to net cash used in operating activities |                          |
| Depreciation                                                               | 20,564                   |
| Trading losses                                                             | 590,036                  |
| Changes in assets and liabilities                                          |                          |
| Marketable and non-marketable securities owned                             | 271,665                  |
| Deposit                                                                    | 10,496                   |
| Due from clearing broker                                                   | 7,875                    |
| Due from stockholders and affiliate                                        | (19,675)                 |
| Other receivables                                                          | 29,259                   |
| Prepaid expenses                                                           | 5,360                    |
| Accrued liabilities                                                        | (120,437)                |
| Due to related parties                                                     | <u>(300,000)</u>         |
| Net cash used in operating activities                                      | <u>(243,748)</u>         |
| Cash flows from investing activities                                       |                          |
| Purchase of property and equipment                                         | <u>(2,996)</u>           |
| Net cash used in investing activities                                      | <u>(2,996)</u>           |
| Cash flows from financing activities                                       |                          |
| Stockholder distributions                                                  | <u>(6,750)</u>           |
| Net cash used in financing activities                                      | <u>(6,750)</u>           |
| Net decrease in cash and cash equivalents                                  | (253,494)                |
| Cash and cash equivalents - beginning of year                              | <u>820,346</u>           |
| Cash and cash equivalents - end of year                                    | <u><u>\$ 566,852</u></u> |

See notes to financial statements.

**WM SMITH & CO**  
**Statements of Cash Flows**

(Continued from the previous page)

**Supplemental disclosure of cash flow information:**

Cash paid for interest for the year ended December 31, 2015 was \$2,218.

**Supplemental disclosure of non-cash activity:**

During the year ended December 31, 2015, the Firm recorded distributions of \$25,000, of which \$18,250 were used to offset accounts receivables from Shareholders.

See notes to financial statements.

## **WM SMITH & CO**

### **Notes to Financial Statements**

#### **Note 1 - Description of Business and Summary of Significant Accounting Policies**

Wm Smith & Company, an S corporation (the "Company"), is a broker registered with the SEC and dealer in securities under the Securities Exchange Act of 1934. The Company was incorporated in 1992, became licensed as a broker-dealer, and commenced operations in 1993. As a member of the Financial Industry Regulatory Authority, the Company provides brokerage services to customers throughout the United States and acts as an investment banker, both on a participating and primary basis, on securities public offerings and private placements.

The Company operates under the provisions of Paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities Exchange Act of 1934 and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clears all transactions on behalf of customers on a fully disclosed basis with a clearing broker-dealer and promptly transmits all customer funds and securities to the clearing broker-dealer. Pershing, LLC (Pershing) carries all of the accounts of customers and maintains and preserves all related books and records as are customarily kept by a clearing broker-dealer.

#### **Cash and Cash Equivalents**

The Company reports all highly liquid instruments purchased with an original maturity of three months or less as cash equivalents. The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests.

The Company maintains a \$150,063 deposit with Pershing to offset certain risks assumed by Pershing related to the clearing and settling of securities and cash transactions on behalf of the Company. This deposit is included in cash and cash equivalents.

#### **Securities Owned**

Marketable securities owned are recorded at estimated fair value. The difference between cost and estimated fair value is recognized in income as investment gains or losses. Securities owned consist of equity securities of publicly traded companies.

#### **Due from Clearing Broker and Other Receivables**

Amounts due from the clearing broker are recorded as trades and are executed on a trade-date basis. The Company has not provided a reserve for uncollectible accounts, as management believes all receivables are fully collectible.

Other receivables are recorded after the service is provided and the revenue is fixed and determinable.

## WM SMITH & CO

### Notes to Financial Statements

#### **Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

##### **Commission, Sales, and Investment Banking Revenue**

The Company recognizes revenue and expenses related to brokerage services on a trade-date basis.

Sales revenue related to hard dollar receipts is recognized as received. The timing and payment of these revenues are variable and dependent entirely upon the customer, as the Company does not have a contract with its customers.

Investment banking revenue is earned when the related offering is completed, net of related expense. Investment banking revenue includes sales concessions, which are recorded on the settlement date.

##### **Concentrations of Credit Risk**

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash and cash equivalents and securities owned. The Company places its temporary cash and cash equivalents with what management believes are high-credit, quality financial institutions. Securities owned consist primarily of marketable equity securities.

Securities transactions are initiated on a fully disclosed basis with Pershing. Under the terms of the clearing agreement, the Company is ultimately responsible for the executing of transactions and the contractual obligations thereunder. In conjunction with the clearing broker, the Company seeks to control the risks of activities and is required to maintain collateral in compliance with various regulatory and internal guidelines. Compliance with the various guidelines is monitored daily, and, pursuant to such guidelines, the Company may be required to deposit additional collateral or reduce positions when necessary.

The Company is engaged in various trading and brokerage activities where counterparties primarily include broker-dealers, banks, and other financial institutions. In the event these 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.

Market risk arises due to fluctuations in interest rates and market prices that may result in changes in the values of trading instruments. The Company manages its exposure to market risk resulting from trading activities through its risk management function.

During 2015, two customers accounted for 45% of commissions revenue, two customers accounted for 49% of sales income, and one customers accounted for 100% of investment banking revenue.

## WM SMITH & CO

### Notes to Financial Statements

#### **Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

##### **Property and Equipment**

Property and equipment is stated at cost. Depreciation is provided by utilizing the straight-line method over the estimated useful lives of the assets, ranging from three to five years.

##### **Fair Value of Financial Instruments**

The carrying amounts of financial instruments, including cash and cash equivalents, receivables, and amounts due to/from stockholders, approximated fair value at December 31, 2015 because of the relatively short maturity of these instruments. Marketable securities owned consist of equity trading and investment securities measured at fair value.

##### **Income Taxes**

The Company has elected to be treated as an S corporation for income taxes purposes. Accordingly, taxable income and losses of the Company are reported on the income tax returns of the Company's stockholders, and no provision for income taxes has been recorded in the accompanying financial statements.

The Company applies a more-likely-than-not recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be the responsibility of the stockholders. Accordingly, there would be no effect on the Company's financial statements.

If incurred, interest and penalties associated with tax positions are recorded in the period assessed as other operating expenses. No interest or penalties have been assessed as of December 31, 2015. The Company's information returns for tax years subject to examination by tax authorities include 2010 through the current period for state and federal tax reporting purposes, respectively.

##### **Use of 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

##### **Subsequent Events**

January, 2016 the Luann Smith Trust paid off the amounts due from stockholders for various expenses paid on Mrs. Smith's behalf. The amount was approximately \$68,000. The Company has evaluated all subsequent events through the auditors' report date, which is the date the financial statements were available for issuance

## WM SMITH & CO

### Notes to Financial Statements

#### **Note 2 - Fair Value Measurements**

Accounting Standards Codification Topic 820 establishes a hierarchical disclosure framework that prioritizes and ranks the level of market price observability used in measuring financial assets at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment.

Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured on a recurring basis and reported at fair value are classified and disclosed in one of the following categories:

- Level 1: Quoted prices are available in active markets for identical investments as of the reporting date. Investments that are included in this category for the Company include marketable securities owned, comprised of listed equities.
- Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments that are included in this category for the Company include marketable securities owned, comprised of corporate bonds and related warrant rights. The Company did not hold any level 2 investments at December 31, 2015.
- Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The Company did not hold any level 3 investments at December 31, 2015.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Levels 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

# WM SMITH & CO

## Notes to Financial Statements

### **Note 3 - Fair Value Measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Company's investment assets measured on a recurring basis at fair value as of December 31, 2015:

| Description                       | Level 1    | Level 2 | Level 3 | Total      |
|-----------------------------------|------------|---------|---------|------------|
| Marketable securities owned       |            |         |         |            |
| Technology                        | \$ 569,754 | \$ -    | \$ -    | \$ 569,754 |
| Services                          | 176,430    | -       | -       | 176,430    |
| Healthcare                        | 80,595     | -       | -       | 80,595     |
| Consumer Goods                    | 75,900     | -       | -       | 75,900     |
| Industrial goods                  | 40,676     | -       | -       | 40,676     |
| Financial                         | 28,438     | -       | -       | 28,438     |
| Textiles                          | 11,858     | -       | -       | 11,858     |
| Energy                            | 18         | -       | -       | 18         |
| Total marketable securities owned | 983,669    | -       | -       | 983,669    |
| Total                             | \$ 983,669 | \$ -    | \$ -    | \$ 983,669 |

### **Note 4 - Related Party Transactions**

The Company shared some of its employees with Wm Smith Special Opportunities Research Company ("WSSOR"), a company controlled by William S. Smith. Direct and shared expenses paid by the Company on behalf of WSSOR are billed back to WSSOR. Shared expenses between WSSOR and the Company are allocated to the Company based on management's estimate of the proportionate benefit to WSSOR and the Company. During 2015, the Company did not allocate expenses to WSSOR as the company is inactive, and the costs nominal.

As of December 31, 2015, amounts receivable from WSSOR totaled \$171, which are reflected in amounts due from stockholders and affiliate.

Additionally, there are amounts due from stockholders for various expenses paid on their behalf. As of December 31, 2015, amounts receivable from stockholders totaled \$881,274, are unsecured and non-interest bearing, and are reflected in amounts due from stockholders and affiliate.

## WM SMITH & CO

### Notes to Financial Statements

#### **Note 5 - Minimum Net Capital Requirement**

The Company is subject to the SEC Uniform Net Capital ("SEA Rule 15c3-1"), which requires the maintenance of minimum net capital balance of 6 2/3% of aggregate indebtedness, as defined, or \$100,000. At December 31, 2015, the Company had net capital of \$1,317,694, which exceeded the minimum net capital requirement. Net capital may fluctuate on a daily basis. Additionally, SEC Rule 15c3-1 requires that the aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. The Company's net capital ratio was .132 to 1 as of December 31, 2015.

#### **Note 6 - Commitments**

##### **Operating Leases**

The Company leases facilities under non-cancellable operating leases. Rent expense for the year ended December 31, 2015 was \$61,791.

At the end of 2015, the Company moved to a virtual office setting from 3200 Cherry Creek South Drive, Denver, Colorado ("Cherry Creek"). The Cherry Creek lease expires April 2018 and, effective September 2, 2015, the Company sublet the space to a third party through the leases' expiration date, with the first three months free rent and the remainder monthly rental payments of \$5,565. The Company shall be liable to the property owner for any non-payment by the assignee to the sublease.

As of December 1, 2013, the Company entered into the Cherry Creek lease. The lease runs through April 2018 and has an option for renewal at that time, with monthly rental payments ranging from \$5,565 to \$6,162.

Future minimum lease payments under these leases as of December 31, 2015, were approximately as follows:

| <u>Year Ending December 31,</u> | <u>Cherry Creek</u> | <u>Sublease<br/>Income</u> | <u>Net Lease<br/>Payments</u> |
|---------------------------------|---------------------|----------------------------|-------------------------------|
| 2016                            | 70,490              | (64,554)                   | 5,936                         |
| 2017                            | 72,716              | (65,667)                   | 7,049                         |
| 2018                            | <u>24,486</u>       | <u>(22,260)</u>            | <u>2,226</u>                  |
|                                 | <u>\$ 167,692</u>   | <u>\$ (152,481)</u>        | <u>\$ 15,211</u>              |

## **SUPPLEMENTAL INFORMATION**

**WM SMITH & CO**

**Schedule I - Computation of Aggregate Indebtedness and Net Capital Pursuant to  
Rule 15c3-1 of the Securities and Exchange Commission  
December 31, 2015**

**Net Capital**

|                                            |                     |
|--------------------------------------------|---------------------|
| Stockholders' equity                       | <u>\$ 2,381,232</u> |
| Deductions                                 |                     |
| Securities - certain marketable securities | 77                  |
| Due from stockholders and affiliate        | 881,445             |
| Haircuts on securities                     | 152,641             |
| Prepaid expenses                           | 10,227              |
| Property and equipment                     | 6,905               |
| Deposits and other                         | <u>12,243</u>       |
| Total deductions                           | <u>1,063,538</u>    |
| Net capital                                | <u>\$ 1,317,694</u> |

**Aggregate Indebtedness**

|                              |                   |
|------------------------------|-------------------|
| Total aggregate indebtedness | <u>\$ 173,597</u> |
|------------------------------|-------------------|

**Computation of Basic Net Capital Requirements**

|                                                                 |                     |
|-----------------------------------------------------------------|---------------------|
| Minimum net capital required (6 2/3% of aggregate indebtedness) | <u>\$ 11,573</u>    |
| Minimum dollar net capital requirement                          | <u>\$ 100,000</u>   |
| Net capital requirement (greater of above amounts)              | <u>\$ 100,000</u>   |
| Excess net capital                                              | <u>\$ 1,217,694</u> |
| Aggregate indebtedness to net capital                           | <u>0.132</u>        |

There are no differences between the preceding computation and the Company's corresponding unaudited Part II of Form X-17A-5 as of December 31, 2015.



# HEIN

**Wm Smith & Co.**

*Agreed-Upon Procedures on Form SIPC-7  
December 31, 2015*

This report is deemed CONFIDENTIAL in accordance with  
Rule 17a-5(e)(3) under the Securities Exchange Act of 1934.

***WM SMITH & CO.***

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Hein & Associates LLP      www.heincpa.com  
1999 Broadway, Suite 4000      p 303.298.9600  
Denver, Colorado 80202      f 303.298.8118

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors  
Wm Smith & Co.  
Englewood, Colorado

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2015, which were agreed to by Wm Smith & Co. (the "Company"), the Securities and Exchange Commission, the Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and these 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 American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement record entries, noting no differences.
2. Compared the amounts reported on the audited Form X-17A-5 Part III 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 mathematical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences.
5. Compared the amount of any overpayment applied with the Form SIPC-7 on which it was computed, 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.

*Hein & Associates LLP*

Hein & Associates LLP

Denver, Colorado  
February 26, 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**

For the fiscal year ended 12/31/2015

(Read carefully the instructions in your Working Copy before completing this Form.)

**SIPC-7**

(33-REV 7/10)

**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:

20\*20\*\*\*\*\*2901\*\*\*\*\*MIXED AADC 220  
 045163 FINRA DEC  
 WM SMITH & CO  
 19 SUNSET DR  
 ENGLEWOOD CO 80113-4033

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.

Lee Poelma 303-831-9696

2. A. General Assessment (item 2e from page 2) \$ 2,022  
 B. Less payment made with SIPC-6 filed (exclude interest) 1,083  
7/24/2015  
 Date Paid  
 C. Less prior overpayment applied 939  
 D. Assessment balance due or (overpayment)  
 E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum 939  
 F. Total assessment balance and interest due (or overpayment carried forward) \$ 939  
 G. PAID WITH THIS FORM:  
 Check enclosed, payable to SIPC \$ 939  
 Total (must be same as F above)  
 H. Overpayment carried forward \$( \_\_\_\_\_ )

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

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Wm Smith &amp; Co

(Name of corporation, partnership or other organization)

*[Signature]*  
 Authorized Signature

President

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

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

**SIPC REVIEWER**

Dates:

Postmarked

Received

Reviewed

Calculations \_\_\_\_\_

Documentation \_\_\_\_\_

Forward Copy \_\_\_\_\_

Exceptions:

Disposition of exceptions:

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

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

Eliminate cents

|                                                                                                                                                                                                                                                                                                                                                                   |  |    |          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----|----------|
| item No.                                                                                                                                                                                                                                                                                                                                                          |  | \$ | 555,116  |
| 2a. Total revenue (FOCUS Line 12/Part IIA Line 9 Code 4030)                                                                                                                                                                                                                                                                                                       |  |    |          |
| 2b. Additions:                                                                                                                                                                                                                                                                                                                                                    |  |    |          |
| (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.                                                                                                                                                                                                                                |  |    |          |
| (2) Net loss from principal transactions in securities in trading accounts                                                                                                                                                                                                                                                                                        |  |    |          |
| (3) Net loss from principal transactions in commodities in trading accounts                                                                                                                                                                                                                                                                                       |  |    |          |
| (4) Interest and dividend expense deducted in determining item 2a                                                                                                                                                                                                                                                                                                 |  |    |          |
| (5) Net loss from management of or participation in the underwriting or distribution of securities.                                                                                                                                                                                                                                                               |  |    |          |
| (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities                                                                                                                                                              |  |    | (25,806) |
| (7) Net loss from securities in investment accounts                                                                                                                                                                                                                                                                                                               |  |    | 590,037  |
|                                                                                                                                                                                                                                                                                                                                                                   |  |    | 564,231  |
| Total additions                                                                                                                                                                                                                                                                                                                                                   |  |    |          |
| 2c. Deductions:                                                                                                                                                                                                                                                                                                                                                   |  |    |          |
| (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products. |  |    |          |
| (2) Revenues from commodity transactions.                                                                                                                                                                                                                                                                                                                         |  |    |          |
| (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.                                                                                                                                                                                                                                             |  |    | 307,537  |
| (4) Reimbursements for postage in connection with proxy solicitation.                                                                                                                                                                                                                                                                                             |  |    |          |
| (5) Net gain from securities in investment accounts.                                                                                                                                                                                                                                                                                                              |  |    |          |
| (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.                                                                                                                                                  |  |    |          |
| (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 1619(L) of the Act).                                                                                                                                                                          |  |    |          |
| (8) Other revenue not related either directly or indirectly to the securities business.<br>(See Instruction C):                                                                                                                                                                                                                                                   |  |    |          |
| Deductions in excess of \$100,000 require documentation                                                                                                                                                                                                                                                                                                           |  |    |          |
| (9) (i) Total interest and dividend expense (FOCUS line 62/PART IIA line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income                                                                                                                                                                                             |  |    |          |
| (ii) 40% of margin interest earned on customer securities accounts (40% of FOCUS line 5, Code 3920)                                                                                                                                                                                                                                                               |  |    | 3,045    |
| Enter the greater of line (i) or (ii):                                                                                                                                                                                                                                                                                                                            |  |    | 3,045    |
| Total deductions                                                                                                                                                                                                                                                                                                                                                  |  |    | 310,582  |
| 2d. SIPC Net Operating Revenues                                                                                                                                                                                                                                                                                                                                   |  |    | 808,765  |
| 2e. General Assessment @ .0025                                                                                                                                                                                                                                                                                                                                    |  |    | 2,022    |

to page 1, Line 2.A.



Hein & Associates LLP      www.heincpa.com  
1999 Broadway, Suite 4000      p 303.298.9600  
Denver, Colorado 80202      f 303.298.8118

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders  
Wm Smith & Co.  
Englewood, Colorado

We have reviewed management's statements, included in the accompanying Exemption Report in which (a) Wm Smith & Co. identified the following provisions of 17 C.F.R. § 15c3-3(k) under which Wm Smith & Co. claimed an exemption from 17 C.F.R. § 240.15c3-3: (2)(ii), (the "exemption provisions") and (b) Wm Smith & Co. stated that Wm Smith & Co. met the identified exemption provisions throughout the most recent fiscal year without exception. Wm Smith & Co.'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 Wm Smith & Co.'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.

*Hein & Associates LLP*

Hein & Associates LLP

Denver, Colorado  
February 26, 2016

**WM SMITH & CO**

**Exemption Report**

**SEA Rule 17 C.F.R. § 240.17a-5 as of December 31, 2015**

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

- (1) The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k)(2)(ii) for the fiscal year ended December 31, 2015.
- (2) The Company is exempt from the provisions of 17 C.F.R. § 240.15c3-3 because it meets conditions set forth in 17 C.F.R. § 240.15c3-3 (k)(2)(ii) of the rule, which are specified below:
  - (a) The provisions of the Customer Protection Rule shall not be applicable to an introducing broker or dealer, clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, and who 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 of this chapter, as are customarily made and kept by a clearing broker or dealer.
- (3) The Company has met the identified exemption provisions throughout the fiscal year ended December 31, 2015 without exemption.
- (4) The Company has not recorded any exceptions to the exemption for the fiscal year ended December 31, 2015.

The above statement is true and correct to the best of my and the Firm's knowledge

By: Walter S. Saut  
Title: President

December 31, 2015