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SEC  
Mail Processing Section  
ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

SEC FILE NUMBER
8-43085

MAR 01 2017

Washington DC 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 01/01/16 AND ENDING 12/31/16  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: *LEXINGTON INVESTMENT COMPANY, INC.*

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
2365 HARRODSBURG ROAD, SUITE B375

(No. and Street)

LEXINGTON

KENTUCKY

40504

(City)

(State)

(Zip Code)

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

STANLEY S. KERRICK

(859)224-7073

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

RODEFER MOSS & CO, PLLC

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

608 MABRY HOOD ROAD

KNOXVILLE

TN

37932

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

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

**FOR OFFICIAL USE ONLY**

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

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, STANLEY S. KERRICK, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of LEXINGTON INVESTMENT CO., INC., as of FEBRUARY 28TH, 2017, 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:

Stanley S. Kerrick
Signature

PRESIDENT

Title

Rob H. Co
Notary Public

My commission expires

August 18, 2017

Notary ID 493853

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).

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Report of Independent Registered Public Accounting Firm

To the Shareholders  
of Lexington Investment Company, Inc.

We have audited the accompanying statement of financial condition of Lexington Investment Company, Inc. (the "Company") as of December 31, 2016, and the related statements of operations, changes in shareholder's equity, and cash flows for the year then ended. 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. 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 the Company as of December 31, 2016, 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 has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company'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 17 C.F.R. §240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Rodefer Moss & Co, PLLC*

Knoxville, Tennessee

February 24, 2017

**LEXINGTON INVESTMENT COMPANY, INC.**  
Lexington, Kentucky

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**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**  
December 31, 2016

**LEXINGTON INVESTMENT COMPANY, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2016**

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<b>ASSETS</b>	
Cash and cash equivalents	\$ 283,654
Deposits with clearing organization and others	152,223
Receivables from clearing organization and other broker-dealers	99,758
Prepaid expenses	25,419
Deferred tax asset, net	1,487
Furniture and equipment (net of accumulated depreciation of \$52,310)	<u>906</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 563,447</u></b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>	
Liabilities	
Payables and accrued expenses	\$ 30,301
Commissions payable	140,559
Income taxes payable	<u>175</u>
Total liabilities	<u>171,035</u>
Stockholder's equity	
Common stock, no par value, 1,000 shares authorized, 799 shares issued and outstanding	180,000
Retained earnings	<u>212,412</u>
Total stockholder's equity	<u>392,412</u>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b><u>\$ 563,447</u></b>

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

**LEXINGTON INVESTMENT COMPANY, INC**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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<b>REVENUES</b>	
Commissions	\$ 1,206,719
Net dealer inventory and investment	292,685
Interest and dividends	3,383
Miscellaneous revenue	<u>6</u>
Total revenues	<u>1,502,793</u>
<b>EXPENSES</b>	
Employee compensation and benefits	1,211,695
Clearing fees	117,686
Communications and data processing	37,777
Occupancy costs	82,265
Other operating expenses	<u>84,810</u>
Total expenses	<u>1,534,233</u>
<b>NET (LOSS) BEFORE INCOME TAXES</b>	(31,440)
Income tax benefit	<u>(4,774)</u>
<b>NET (LOSS)</b>	<u>\$ (26,666)</u>

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

**LEXINGTON INVESTMENT COMPANY, INC**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Common Stock Shares	Common Stock Amount	Retained Earnings	Total
<b>Balance, January 1, 2016</b>	799	\$ 180,000	\$ 239,078	\$ 419,078
Net (loss)	-	-	(26,666)	(26,666)
Dividends	-	-	-	-
<b>Balance, December 31, 2016</b>	799	\$ 180,000	\$ 212,412	\$ 392,412

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

**LEXINGTON INVESTMENT COMPANY, INC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net (loss)	\$ (26,666)
Adjustments to reconcile to net income to net cash provided by (used in) operating activities:	
Depreciation	1,270
Deferred income tax benefit	(2,033)
(Increase) Decrease in:	
Deposits with clearing organization	(18,411)
Accounts receivable	17,643
Prepaid expenses	(710)
Increase (Decrease) in:	
Accounts payable and accrued expenses	(702)
Commissions payable	(420)
Income taxes payable	<u>(3,096)</u>
Net cash (used in) operating activities	<u>(33,125)</u>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(33,125)</b>
Cash and cash equivalents, beginning of year	<u>316,779</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 283,654</u></b>
<b>Supplemental disclosures of cash flow information</b>	
Cash paid for income taxes	<u>\$ 3,272</u>

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

**LEXINGTON INVESTMENT COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Lexington Investment Company, Inc. (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are the representation of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

**Nature of Organization**

Lexington Investment Company, Inc., is a registered broker-dealer with certain restrictions as outlined in an agreement with the Financial Industry Regulatory Authority, Inc. (FINRA), formerly the National Association of Securities Dealers (NASD). The Company was incorporated on June 19, 1990, issued its original common stock on September 5, 1990, and became registered with the Securities and Exchange Commission on November 19, 1990.

**Customer Funds**

Lexington Investment Company, Inc., has agreed to not hold funds or securities for customers, or to owe money or securities to customers and does not carry accounts of, or for customers, except with respect to the purchase, sale and redemption of redeemable shares of registered investment companies or of interests or participation in insurance company separate accounts. In addition, the Company introduces and forwards all transactions and accounts of customers to another broker or dealer who carries such accounts on a fully-disclosed basis.

**Method of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses are recognized when they are incurred.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**LEXINGTON INVESTMENT COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Furniture and Equipment**

Furniture and equipment are recorded at historical cost and depreciated using the straight-line method over the estimated useful lives of the respective assets which range from five to ten years. The cost of repairs and maintenance is expensed as incurred. When furniture and equipment are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. Depreciation expense for the year ended December 31, 2016, totaled \$1,270.

**Deposits with Clearing Organization and Others**

Deposits with clearing organizations consist of cash, cash equivalents and other short-term securities.

**Recognition of Revenue**

The Company's primary source of revenue is commissions generated by effecting trades for its customers most of whom are located in Central and Eastern Kentucky. Customers' securities transactions are recorded on a settlement-date basis. Securities transactions of the Company are recorded on a trade-date basis.

**Income Taxes**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the bases of certain assets and liabilities for financial and tax reporting. Deferred taxes represent the future tax consequences of those differences which will either be deductible or taxable when the assets and liabilities are recovered or settled. The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements utilizing currently enacted tax laws and rates. Deferred tax expense or benefit is recognized in the financial statements for the changes in deferred tax liabilities or assets between years.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, Income Taxes. The Company assesses the likelihood, based on technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that necessitates an increase or decrease. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and any penalties as operating expenses.

**LEXINGTON INVESTMENT COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Statement of Cash Flows**

For purposes of this statement, short-term investments which have an original maturity of three months or less are considered cash equivalents.

**Managements' Review of Subsequent Events**

The Company has evaluated and considered the need to recognize or disclose subsequent events through February 27, 2017 which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the year ended December 31, 2016, have not been evaluated by the Company.

**2. CONCENTRATION OF CREDIT RISK**

The Company is engaged in various trading and brokerage activities with banks, other financial institutions and other broker-dealers. In the event one of these parties does not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the credit worthiness of the other party to the transaction.

The Company maintains cash balances at several financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. During the year, the balances at these financial institutions may exceed the FDIC insured limits.

**3. ACCOUNTS AND NOTES RECEIVABLE**

Receivables from clearing organization and other broker-dealers represent the amounts due from Lexington Investment Company, Inc.'s clearing broker as well as other broker-dealers principally for commissions earned during the month of December. Payment is generally received in the month subsequent to year-end. Lexington Investment Company, Inc. does not require collateral under its present arrangement with these broker-dealers. No reserve for uncollectible receivables has been provided as management considers all receivables to be collectible in the ordinary course of business.

**4. FURNITURE AND EQUIPMENT**

As of December 31, 2016, furniture and equipment consisted of the following:

Furniture and fixtures	\$ 9,931
Office equipment	<u>43,285</u>
Total furniture and equipment	53,216
Less: accumulated depreciation	<u>(52,310)</u>
Net furniture and equipment	<u>\$ 906</u>

**LEXINGTON INVESTMENT COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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**5. OPERATING LEASE**

The Company leases office space under a lease agreement which requires monthly rental payments of \$6,655. The lease agreement expired in 2013 and became a month to month lease arrangement between the Company and its landlords. Total occupancy expense for the Company's business premises amounted to \$82,265 for the year ended December 31, 2016.

**6. 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. At December 31, 2016, the Company's net capital totaled \$338,805 which is \$238,805 above its required net capital of \$100,000. The aggregate indebtedness to net capital ratio at December 31, 2016, was .50 to 1.

**7. INDEMNIFICATIONS**

The Company indemnifies clients against potential losses incurred in the event certain third-party service providers, including sub-custodians and third-party brokers, execute transactions improperly. The potential future payments under this indemnification policy cannot be estimated. However, the Company believes that it is unlikely it will incur material obligations under this agreement; therefore, no contingent liability has been recognized in the accompanying financial statements.

**8. PROVISION FOR INCOME TAXES**

Lexington Investment Company, Inc. is taxed as a corporation. The amount provided for income taxes is based on income reported for financial statement purposes adjusted for permanent differences between reported financial and taxable income. Deferred income taxes are provided for timing differences related to certain income and expense items which are recognized for financial accounting purposes in one accounting period and for tax purposes in another accounting period.

These temporary timing differences relate to the recognition of depreciation expense for income tax and financial statement purposes, to contributions that are not allowed for income tax purposes in the current year that carry forward to reduce future taxable income.

Income tax expense pertaining to continuing operations for 2016, consists of the following:

Current expense (benefit):	
Federal	\$ (2,916)
State and local	175
Deferred	<u>(2,033)</u>
Total provision for income tax	<u>\$ (4,774)</u>

**LEXINGTON INVESTMENT COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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**8. PROVISION FOR INCOME TAXES (CONTINUED)**

Net deferred tax asset as of December 31, 2016, consists of the following:

Deferred tax asset:	
Capital loss carryforward	\$ 8,701
Contribution carryforward	1,054
State net operating loss carryforward	<u>777</u>
Gross deferred tax assets	<u>10,533</u>
Deferred tax liabilities:	
Depreciation	(345)
Valuation allowance	<u>(8,701)</u>
Gross deferred tax liabilities	<u>(9,046)</u>
Deferred tax asset, net	<u>\$ 1,487</u>

A valuation allowance is provided for the excess of the deferred tax asset over the deferred tax liability related to the capital loss carry forward, since it is uncertain if the tax benefits will ever be realized. The valuation allowance related to deferred tax assets did not change in 2016.

The total income tax provision differs from the amount that would be obtained by applying the federal statutory rate of 35% to income from continuing operations before income taxes, as follows:

Expected income tax benefit	\$ (11,004)
State and local income taxes	(992)
Non-deductible expenses	3,338
Graduated rates	<u>3,884</u>
Total income tax benefit	<u>\$ (4,774)</u>

As of December 31, 2016, there are no identified uncertain tax positions. The Company files income tax returns in the U.S. federal jurisdiction and the state of Kentucky. The Company is no longer subject to U.S. federal income tax examinations by tax authorities for the years before 2013. With respect to the state of Kentucky, the Company is no longer subject to income tax audits for years before 2012.

**LEXINGTON INVESTMENT COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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**8. PROVISION FOR INCOME TAXES (CONTINUED)**

At December 31, 2016, the Company has a capital loss carryforward totaling \$22,898, which expires in 2019. These losses may offset against future capital gains should capital gains be realized before the expiration of the losses. Also, at December 31, 2016 the Company has federal contributions carryforward totaling \$2,831, and Kentucky contributions carryforward totaling \$2,282 that may be offset against future taxable income through 2019. The Company has carried back the current year net operating loss for federal tax purposes, however as of December 31, 2016 the Company has a Kentucky net operating loss carryforward of \$19,436, which expires in 2036.

**9. STOCK REPURCHASE AGREEMENT**

Lexington Investment Company, Inc. has entered into a repurchase agreement with its stockholder under which Lexington Investment Company, Inc. has the right and option to repurchase the stockholder's outstanding shares in the event of the death, total disability, termination or withdrawal (referred to collectively as the redemption event) of the stockholder. In the event Lexington Investment Company, Inc. chooses to exercise its option to repurchase outstanding shares from the stockholder, the purchase price of the redeemed shares is based on the total stockholder's equity of Lexington Investment Company, Inc. as of the valuation date, less the aggregate amount of any and all dividends or other distributions declared between the valuation date and the date of closing, divided by the number of shares issued and outstanding prior to the redemption event, multiplied by the number of shares being redeemed.

**SUPPLEMENTARY INFORMATION**

LEXINGTON INVESTMENT COMPANY, INC.  
SCHEDULE A  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
December 31, 2016

<b>NET CAPITAL</b>		
Total stockholders' equity		\$ 392,412
Deduct stockholders' equity not allowable for net capital		<u>-</u>
Total stockholders' equity qualified for net capital		392,412
Deductions and/ or charges:		
Cash on deposit at CRD	\$ (1,795)	
Nonallowable accounts receivable	(24,000)	
Deferred tax asset, net	(1,487)	
Prepaid expense	(25,419)	
Furniture and equipment, net	<u>(906)</u>	
		<u>(53,607)</u>
Net capital before haircuts on securities positions		338,805
Haircuts on securities		<u>-</u>
<b>NET CAPITAL</b>		<b><u>\$ 338,805</u></b>
Aggregate indebtedness:		
Payables and accrued expenses	30,301	
Commissions payable	140,559	
Income taxes payable	<u>175</u>	
Total aggregate indebtedness		<b><u>\$ 171,035</u></b>
Computation of basic net capital requirements		
\$171,798 divided by 15 or \$100,000 minimum		<b><u>\$ 100,000</u></b>
Excess net capital		<b><u>\$ 238,805</u></b>
Ratio: aggregate indebtedness to net capital		<u>.50 to 1</u>
Reconciliation with Company's computation:		
Net capital as reported in Company's Part II (unaudited) FOCUS report		\$ 338,807
Effect of year-end adjustments on accounts included in net capital calculation		<u>(2)</u>
<b>NET CAPITAL PER ABOVE</b>		<b><u>\$ 338,805</u></b>

See report of Independent Registered Public Accounting Firm

**LEXINGTON INVESTMENT COMPANY, INC.**  
**SCHEDULE B**  
**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENT UNDER**  
**RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION**  
**December 31, 2016**

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Lexington Investment Company, Inc. had no notes payable collateralized by securities or secured customer receivables at any point throughout the year ended December 31, 2016. Therefore, a computation for determination of reserve requirements under Rule 15c3-3 of the Securities and Exchange Commission is not applicable.

- Certified Public Accountants
- Business Advisors

p: 865.583.0091  
f: 865.583.0560  
w: rodefermoss.com  
608 Mabry Hood Road  
Knoxville, TN 37932



Report of Independent Registered Public Accounting Firm

To the Shareholder  
of Lexington Investment Company, Inc.

We have reviewed management's statements, included in assertions made in Part 11A of Lexington Investment Company, Inc.'s (the "Company") Financial and Operational Combined Uniform Single Report ("Focus Report"), in which (1) the Company identified the following provisions of 17 C.F.R. §15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3(k)(2)(ii) (the "exemption provisions") and (2) the Company stated that they met the identified exemption provisions throughout the most recent fiscal year without exception. The Company'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 the Company'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.

*Rodeffer Moss & Co, PLLC*

Knoxville, Tennessee  
February 24, 2017

***LEXINGTON INVESTMENT COMPANY, INC.***

**I N V E S T M E N T   B R O K E R S**

February 23, 2017

2365 Harrodsburg Rd

Lexington KY 40504

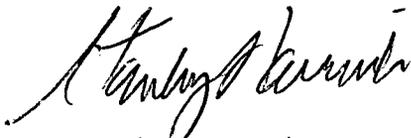
**EXEMPTION REPORT**

Lexington Investment Company, Inc.'s Assertions

We confirm, to the best of our knowledge and belief, that:

Lexington Investment Company claims and met the exemption from Rule 15c3-3 under paragraph (k)2(i) and 2(ii) as of and throughout the year ended December 31, 2016.

Sincerely,



Stanley S. Kerrick

President

2365 Harrodsburg Road • Ste. B375 • Lexington, Kentucky 40504

(859) 224-7073 • (800) 264-7073 • FAX (859) 224-7074

MEMBER FINRA and SIPC

15



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

Amounts for the fiscal period  
beginning 1/1/2016  
and ending 12/31/2016

Item No.

Eliminate cents

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

\$ 1,502,793

2b. Additions:

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

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

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

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

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

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

(7) Net loss from securities in investment accounts.

Total additions

2c. Deductions:

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

945,911

(2) Revenues from commodity transactions.

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

117,687

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

(5) Net gain from securities in investment accounts.

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

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

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

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

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

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

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

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

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

Total deductions

1,063,598

2d. SIPC Net Operating Revenues

\$ 439,195

2e. General Assessment @ .0025

\$ 1,098

(to page 1, line 2.A.)