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

SEC FILE NUMBER
8-38553

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 01/01/18 AND ENDING 12/31/18
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **BILTMORE INTERNATIONAL CORPORATION**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1090 KING GEORGES POST ROAD, SUITE 203

(No. and Street)

EDISON

NJ

08837

(City)

(State)

(Zip Code)

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

JAMES RAWDON

(732) 791-4000

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

BDG-CPA'S

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

76 NORTH WALNUT STREET RIDGEWOOD

NJ

07450

(Address)

(City)

(State) **SEC**
Mail Processing
Section

(Zip Code)

CHECK ONE:

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

FEB 27 2019

**Washington DC
413**

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*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, JOHN GLADDIS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BILTMORE INTERNATIONAL CORPORATION, as of DECEMBER 31, 20 18, 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:

CHRISTINE M NEVIN
Notary Public
State of New Jersey
My Commission Expires Aug 27, 2019

2/26/2019

[Handwritten Signature]
Signature

PRESIDENT
Title

[Handwritten 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).

BILTMORE INTERNATIONAL CORPORATION
Financial Report
December 31, 2018

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76 North Walnut Street
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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholder of
Biltmore International Corporation:

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Biltmore International Corporation (the "Company") as of December 31, 2018, and the related notes (collectively referred to as the "financial statement"). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of the Company as of December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have served as Biltmore International Corporation's auditor since 2015.

BDG-CPAs, PC
Ridgewood, NJ
February 26, 2019

BILTMORE INTERNATIONAL CORPORATION
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2018

ASSETS

Cash and cash equivalents	\$ 724,062
Receivable from clearing broker	1,378,214
Property and equipment – net	6,774
Other assets	<u>5,000</u>
Total Assets	<u>\$ 2,114,050</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:		
Accounts payable and accrued expenses		<u>\$ 306,499</u>
Total Liabilities		306,499
Commitments and Contingencies		
Subordinated borrowings – related party		600,000
Stockholder's Equity:		
Common stock, \$1 par value; authorized 100,000 shares, issued and outstanding 20,000 shares	\$ 20,000	
Additional paid-in capital	610,000	
Retained earnings	<u>577,551</u>	
Total Stockholder's Equity		<u>1,207,551</u>
Total Liabilities and Stockholder's Equity		<u>\$ 2,114,050</u>

The accompanying notes are an integral part of this financial statement.

BILTMORE INTERNATIONAL CORPORATION
Notes to Statement of Financial Condition

NOTE 1 – Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Biltmore International Corporation, (the “Company”) is a brokerage firm engaged primarily in securities trading. The Company is registered as a broker-dealer with and is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). The Company is engaged primarily in market-making and securities trading as principal.

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

Use of Estimates

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

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Securities Owned and Securities Sold, Not Yet Purchased

Securities owned and securities sold, not yet purchased are stated at fair value and are recorded in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*. They represent equity and municipal debt securities in which the Company acts as market maker and performs proprietary trading.

Securities sold but not yet purchased represent obligations of the Company to deliver the specified security at the contracted price. A liability is thereby created to purchase the security in the market at prevailing prices. Accordingly, these transactions result in off-balance-sheet risk as the Company’s ultimate obligation to satisfy the sale of securities sold but not yet purchased may exceed the amount recognized in the statement of income.

Depreciation

Property and equipment is stated at cost, less accumulated depreciation. Depreciation is computed primarily by the straight-line method over the estimated useful lives of the related assets, which approximate three to seven years.

BILTMORE INTERNATIONAL CORPORATION
Notes to Statement of Financial Condition

NOTE 1 – Nature of Business and Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

Income Taxes

The Company, with the consent of its stockholder, has elected to be taxed as an S corporation under the Internal Revenue Code and New Jersey and New York State tax codes. In lieu of corporation income taxes, the Stockholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the accompanying financial statements.

Revenue Recognition

The Company records proprietary and firm trading transactions on a trade date basis. The Company is exposed to risk of loss on these transactions in the event a client or broker fails to meet the terms of their contracts, in which case the Company may have to purchase or sell the positions at prevailing market prices. The Company records client transactions on a trade date basis.

Fair Value

Fair Value Hierarchy

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

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

- Level 1. Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2. Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3. Unobservable inputs for the asset or liability.

BILTMORE INTERNATIONAL CORPORATION
Notes to Statement of Financial Condition

NOTE 1 – Nature of Business and Summary of Significant Accounting Policies (Continued)

Fair Value (Continued)

Fair Value Hierarchy (Continued)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair Value Measurements

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that the Company believes market participants would use in pricing the asset or liability at the measurement date.

A description of the valuation techniques applied to the Company's major categories of assets and liabilities measured at fair value on a recurring basis follows.

Exchange-Traded Equity and Municipal Debt Securities. Exchange-traded equity and municipal debt securities are generally valued based on quoted prices from the exchange. To the extent these securities are actively traded, valuation adjustments are not applied, and they are categorized in level 1 of the fair value hierarchy; otherwise, they are categorized in level 2 or level 3 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the year.

The following table summarizes the inputs used to value the Company's assets and liabilities measured at fair value as of December 31, 2018.

	Level 1	Level 2	Level 3	Total
Assets				
Equity securities	\$ -	\$ -	\$ -	\$ -
Municipal Debt securities	-	-	-	-
Total	-	-	-	-
Liabilities				
Equity securities	\$ -	\$ -	\$ -	\$ -

BILTMORE INTERNATIONAL CORPORATION
Notes to Statement of Financial Condition

NOTE 1 – Nature of Business and Summary of Significant Accounting Policies (Continued)

Financial Instruments

The Company's financial instruments include cash and cash equivalents, receivable from clearing broker, accounts payable and accrued expenses, and subordinated notes payable.

The carrying amounts of cash and cash equivalents, receivable from clearing broker, and accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments. The recorded value of long-term subordinated debt approximates its fair value as the terms and rates approximate market rates.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases, which requires lessees to recognize all leases, with certain exceptions, on the balance sheet, while recognition on the statement of operations will remain similar to current lease accounting. ASU No. 2016-02 also eliminates real estate-specific provisions and modifies certain aspects of lessor accounting. ASU No. 2016-02 is effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted. We currently expect to adopt ASU No. 2016-02 on January 1, 2020. Upon adoption, we expect the statement of financial condition to include a right of use asset and liability related to substantially all of our lease arrangements. We are continuing to assess the impact of adopting ASU No. 2016-02 on our financial position, results of operations and related disclosures and have not yet concluded whether the effect on our financial statements will be material.

NOTE 2 - Clearing Broker Receivables

Amounts receivable from clearing broker consist of the following:

	<u>Receivable</u>
Clearing broker deposits	\$ <u>1,378,214</u>

NOTE 3 - Property and Equipment

Property and equipment consists of the following:

Furniture and Fixtures	\$ 13,879
Computers and Office Equipment	<u>90,150</u>
	104,029
Less: Accumulated Depreciation	<u>97,255</u>
	\$ <u>6,774</u>

Depreciation expense for the year ended December 31, 2018 was \$7,979.

BILTMORE INTERNATIONAL CORPORATION
Notes to Statement of Financial Condition

NOTE 4 - Subordinated Borrowings – Related Party

Subordinated borrowings consist of the following:

1. Subordinated loan agreement with the Company's President and sole stockholder, in the amount of \$1,000,000, was repaid in June 2018. The loan agreement called for interest at 10% per annum and became effective December 31, 2007. The loan was extended in 2017 to mature December 31, 2019. Interest expense on the loan was \$50,000 for the year ended December 31, 2018.

The loan was approved by FINRA for inclusion in computing the Company's net capital pursuant to the Rule. Any subordinated debt can be repaid only if, after giving effect to such repayment, the Company meets the SEC's capital regulations governing withdrawal of subordinated debt.

2. Subordinated loan agreement with the Company's President and sole stockholder, in the amount of \$600,000. The loan agreement calls for interest at 10% per annum and became effective December 29, 2006. The loan was extended in 2018 to mature December 29, 2020. Interest expense on the loan was \$60,000 for the year ended December 31, 2018.

The loan has been approved by FINRA for inclusion in computing the Company's net capital pursuant to the Rule. Any subordinated debt can be repaid only if, after giving effect to such repayment, the Company meets the SEC's capital regulations governing withdrawal of subordinated debt.

NOTE 5 - Regulatory Requirements

The Company is subject to the Uniform Net Capital Rule ("the Rule") under the Securities Exchange Act of 1934. Under this Rule, the Company is required to maintain net capital, as defined, equal to the greater of \$100,000 or \$2,500 for each stock it posts a quote in that trades above \$5 per share and \$1,000 for each stock it posts a quote in that trades at \$5 or less per share, up to \$1,000,000 and a net capital ratio, as defined, of a maximum of 1500%. At December 31, 2018 the Company's net capital was \$1,795,777, which exceeded its minimum net capital requirement by \$795,777 and its net capital ratio was 17.07%.

NOTE 6 - Related Party Transactions

In June 2018, the Company repaid \$1,000,000 principal balance of subordinated borrowings (see Note 4).

BILTMORE INTERNATIONAL CORPORATION
Notes to Statement of Financial Condition

NOTE 7 - Financial Instruments with Off-Balance Sheet Credit Risk

The Company maintains inventories in equity securities on both a long and short basis. While long inventory positions represent the Company's ownership of securities, short inventory positions represent obligations of the Company to deliver specified securities at a contracted price, which may differ from market prices prevailing at the time of completion of the transactions. Accordingly, both long and short inventory positions may result in losses or gains to the Company as market values of securities fluctuate. To mitigate the risk of losses, long and short positions are marked to market daily and are continuously monitored by the Company.

NOTE 8 - Commitments and Contingencies

Lease Commitments

The Company leases its office space under a noncancellable operating lease that commenced July 7, 2010 and terminated August 31, 2015. On July 9, 2015, the lease was extended by five years commencing September 1, 2015 and terminating August 31, 2020. The lease calls for payments of annual base rent plus real estate taxes and other occupancy costs. Approximate minimum annual rentals under this lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 30,000
2020	<u>\$ 20,000</u>
	<u>\$ 50,000</u>

Rent expense under this lease for the year ended December 31, 2018 was approximately \$33,000.

Contingencies

During the year ended December 31, 2018, a regulator completed an examination of and reported its findings to the Company. The Company has estimated the loss pertaining to resolution of the matters noted in the related examination report and this loss has been recorded in the financial statements for the year ended December 31, 2018.

NOTE 9 - Subsequent Events

The Company has evaluated subsequent events through the date the financial statements were available to be issued and up to the time of filing of the financial statements with the Securities and Exchange Commission. The Company noted no events or transactions that have occurred after December 31, 2018 that would require recognition or disclosure in the financial statements.

BILTMORE INTERNATIONAL CORPORATION
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2018

SEC
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