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

Securities and Exchange Commission  
 Trading and Markets

FEB 13 2020

SEC FILE NUMBER
8-24680

FACING PAGE

RECEIVED

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 01/01/2019 AND ENDING 12/31/19  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Gunn & Company Incorporated**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

**711 Navarro, Suite 235**

(No. and Street)

**San Antonio,**

**TX**

**78205**

(City)

(State)

(Zip Code)

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

**Robert G. Gunn, III**

**(210) 222-2711**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

FEB 13 2020

**Alvarez & Associates, Inc. Certified Public Accountants**

Washington DC

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

**413**

**9221 Corbin Ave., Suite 165**

**Northridge,**

**CA**

**91324**

(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)

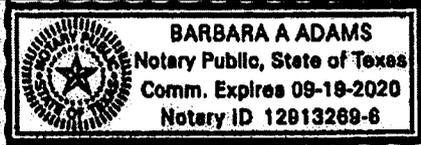
SEC 1410 (11-05)

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OATH OR AFFIRMATION

I, Robert G. Gunn, III, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Gunn & Company Incorporated, as of December 31, 2019, 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:



Signature of Robert G. Gunn, III
President
Title

Notary Public

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

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
(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).

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of TEXAS
County of BEXAR

Subscribed and sworn to (or affirmed) before me on this 23 day of January, 2020 by

Robert G. Gunn, III proved to me on the basis of satisfactory evidences to be the person who appeared before me.

Notary Public Barbara Adams



**ALVAREZ & ASSOCIATES, INC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholder of Gunn & Company Incorporated:

**Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Gunn & Company Incorporated (the "Company") as of December 31, 2019, the related statements of income, changes in stockholder's equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

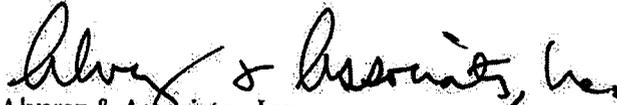
**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements 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 statements are 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 statements, 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.

**Supplemental Information**

The information contained in Schedules I, II and III ("Supplemental 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, Schedules I, II and III are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

  
Alvarez & Associates, Inc.

We have served as the Company's auditor since 2018.  
Northridge, California  
January 22, 2020

GUNN & COMPANY INCORPORATED  
STATEMENT OF FINANCIAL CONDITION

December 31, 2019

ASSETS

Cash	\$ 16,879
Deposit with clearing broker	10,121
Other assets	<u>177</u>
Total assets	<u>\$ 27,177</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:	
Accounts payable - related party	<u>\$ 3,087</u>
Total liabilities	3,087
Stockholder's equity:	
Common stock - \$1 par value, 10,000 shares authorized, 1,000 shares issued and outstanding	1,000
Retained earnings	<u>23,090</u>
Total stockholder's equity	<u>24,090</u>
Total liabilities and stockholder's equity	<u>\$ 27,177</u>

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

GUNN & COMPANY INCORPORATED

STATEMENT OF INCOME

Year Ended December 31, 2019

Revenues:

Commissions on transactions in listed equity securities executed on an exchange	\$	143,008
Commissions on sale of mutual fund shares		<u>5,450</u>
Total securities commissions		148,458

Interest income		<u>944</u>
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Total revenues		<u>149,402</u>
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Expenses:

Commissions paid to other broker-dealers		12,000
Management fees and allocated overhead		116,291
Registration and license		1,701
Insurance and miscellaneous		191
Professional fees		<u>9,215</u>
Total expenses		<u>139,398</u>

Net income before income tax expense		10,004
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Income tax expense		<u>2,101</u>
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Net income	\$	<u>7,903</u>
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The accompanying notes are an integral part of these financial statements.

GUNN & COMPANY INCORPORATED  
STATEMENT OF STOCKHOLDER'S EQUITY

Year Ended December 31, 2019

	<u>Capital stock</u>	<u>Paid-in/ withdrawn capital</u>	<u>Retained earnings</u>	<u>Total</u>
Balances-January 1, 2019	\$ 1,000	\$ 5,000	\$ 16,197	\$ 22,197
Net income for the year ended December 31, 2019	-	-	7,903	7,903
Paid-in capital: additions and withdrawals for 2019:				
Return of capital	-	(5,000)	-	(5,000)
Dividends			(1,010)	(1,010)
Balances-December 31, 2019	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 23,090</u>	<u>\$ 24,090</u>

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

GUNN & COMPANY INCORPORATED

STATEMENT OF CASH FLOWS

Year Ended December 31, 2019

Cash flows from operating activities:		
Net income	\$	7,903
Adjustments to reconcile net income to net cash and cash equivalents provided by (used in) operating activities:		
(Increase) decrease in:		
Deposit with clearing broker	\$	(71)
Other assets		425
(Decrease) increase in:		
Accounts payable - related party		2101
Total adjustments		<u>2,455</u>
Net cash provided by operating activities		<u>10,358</u>
Cash flows from investing activities:		
Cash flows from financing activities:		
Return of equity		(5,000)
Dividends		(1,010)
Net cash used in financing activities:		<u>(6,010)</u>
Net increase in cash		4,348
Cash - January 1, 2019		<u>12,531</u>
Cash - December 31, 2019	\$	<u><u>16,879</u></u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$	-
Income taxes	\$	-

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

GUNN & COMPANY INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Gunn & Company (the "Company") was incorporated in the State of Texas on January 23, 1980. The Company is a registered broker-dealer in securities with the U.S. Securities and Exchange Commission under the Securities and Exchange Act of 1934; as well as a member of the Financial Industry Regulatory Authority ("FINRA"), and the Securities Investor Protection Corporation ("SIPC"). The Company is wholly-owned by Gunn & Company Holding, Inc. within an affiliated group providing financial services. The Company is registered to do business in the state of Texas.

The Company primarily operates as an introducing broker for client transactions of exchange-traded equity securities, and as a retailer of mutual fund shares.

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

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

Commission and interest income are recorded as revenue on the dates the sale of the related financial product is made (commissions) and date interest is earned.

Mutual Fund Retailer – The Company earns commissions by referring client transaction in mutual funds. Commissions revenue is recognized in the period earned when the performance obligation is satisfied.

Interest Income – Interest income is recorded as earned.

Lease – The Company is provided office space by the owner of its Parent, under the terms of an expense sharing agreement, which is cancelable with reasonable notice. This agreement is not subject to ASC 842. The Company records shared expenses monthly as billed.

Estimates-The Company uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

Advertising-Advertising costs, which are principally included in other expenses, are expensed as incurred. Advertising expense was \$0 for the year ended December 31, 2019.

GUNN & COMPANY INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

**2 RELATED PARTY TRANSACTIONS**

The Company utilized shared management, office space and administrative services with an affiliate under an expense sharing agreement. The Company paid \$116,291 for these cost during the year ended December 31, 2019. At December 31, 2019 there is an accounts payable-related parties of \$3,087 related to incomes taxes owed to the Parent of \$2,101 for 2019 and \$986 for 2018.

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

**3 NET CAPITAL REQUIREMENTS**

The Company is required to comply with a Securities and Exchange Commission regulation which provides that the Company maintain a ratio of aggregate indebtedness to net capital, as defined, not exceeding 15 to 1. At December 31, 2019, the Company's net capital of \$23,913 exceeded required net capital of \$5,000 by \$18,913 and its capital ratio was in compliance.

**4 DEPOSIT WITH CLEARING BROKER**

The Company is required to maintain a minimum cash balance of \$10,000 with Hilltop Securities, Inc. for clearing exchange traded security transactions. The Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers.

**5 INCOME TAXES**

The Company files a consolidated tax return with its Parent. Taxes are recognized as if the company were a standalone entity. For the year ended December 31, 2019, the Company recognized \$2,101 in federal income tax expense.

**6 COMMITMENT AND CONTINGENCIES**

The Company had no commitments, no contingent liabilities and had not been named as a defendant in any lawsuit at December 31, 2019 or during the year then ended.

**7 GUARANTEES**

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

The Company has issued no guarantees at December 31, 2019 or during the year then ended.

**GUNN & COMPANY INCORPORATED**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**8 ACCOUNTING PRONOUNCEMENTS**

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

**9 SUBSEQUENT EVENTS**

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

**SUPPLEMENTARY INFORMATION**

GUNN & COMPANY INCORPORATED

SCHEDULE I - COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1

December 31, 2019

Total ownership equity from the Statement of Financial Condition	\$ 24,090
Deductions and/or charges:	
Total non-allowable assets from Statement of Financial Condition	<u>177</u>
Net capital	<u>\$ 23,913</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required (6 2/3% of A.I. Liabilities)	<u>\$ 12</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 5,000</u>
Net capital requirement (greater of the above)	<u>\$ 5,000</u>
Excess net capital	<u>\$ 18,913</u>
Net capital less greater of 10% of AI or 120%	<u>\$ 17,913</u>

COMPUTATION OF AGGREGATE INDEBTEDNESS

Total A. I. Liabilities from Statement of Financial Condition	<u>\$ 3,087</u>
Total aggregate indebtedness	<u>\$ 3,087</u>
Percentage of aggregate indebtedness to net capital	<u>12.91%</u>

OTHER RATIOS

Percentage of debt to debt-equity: total computed in accordance with Rule 15c3-1(d)	<u>\$ -</u>
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There was no material difference between the net capital computation shown here and the net capital computation shown on the Company's unaudited Form X-17A-5 report dated December 31, 2019.

See report of independent registered public accounting firm

GUNN & COMPANY INCORPORATED

SCHEDULE II - COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS

FOR BROKER-DEALER UNDER RULE 15c3-3

December 31, 2019

A computation of reserve requirements is not applicable to Gunn & Company Incorporated as the Company qualifies for exemption under Rule 15c3-3(k)(2)(ii).

See report of independent registered public accounting firm

GUNN & COMPANY INCORPORATED

SCHEDULE III - INFORMATION RELATING TO THE POSSESSION OR CONTROL

REQUIREMENTS UNDER RULE 15c3-3

December 31, 2019

Information relating to possession or control requirements is not applicable to Gunn & Company Incorporated as the Company qualifies for exemption under Rule 15c3-3(k)(2)(ii).

See report of independent registered public accounting firm

GUNN & COMPANY INCORPORATED  
REPORT PURSUANT TO RULE 17a-5(d)  
REPORT ON EXEMPTION PROVISIONS  
FOR THE YEAR ENDED DECEMBER 31, 2019



**ALVAREZ & ASSOCIATES, INC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholder of Gunn & Company Incorporated:

We have reviewed management's statements, included in the accompanying Assertions Regarding Exemption Provisions, in which (1) Gunn & Company Incorporated identified the following provisions of 17 C.F.R. § 15c3-3(k) under which Gunn & Company Incorporated claimed an exemption from 17 C.F.R. § 240.15c3-3: (k)(2)(ii) (the "exemption provisions") and (2) Gunn & Company Incorporated stated that Gunn & Company Incorporated met the identified exemption provisions throughout the year ended December 31, 2019 without exception. Gunn & Company Incorporated'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 Gunn & Company Incorporated'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.

Alvarez & Associates, Inc.

Northridge, California  
January 22, 2020



# GUNN & COMPANY INCORPORATED

INVESTMENT BANKING  
AND SECURITIES

TRAVIS PARK PLAZA BUILDING  
711 NAVARRO SUITE 235  
SAN ANTONIO, TEXAS 78205

210-222-2711

## Assertions Regarding Exemption Provisions

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

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

The Company met the identified exemption provision without exception throughout the year ended December 31, 2019.

Gunn & Company Incorporated

By:



(Robert G Gunn, III, President)