



20009572

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	August 31, 2020
Estimated average burden hours per response.....	12.00

Mail Processing
Section

MAR 02 2020

Washington DC

410

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

SEC FILE NUMBER
B- 50648

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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

OFFICIAL USE ONLY
FIRM I.D. NO.

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

20 Baltic Place Suite 2

(No. and Street)

Croton-on-Hudson

New York

10520

(City)

(State)

(Zip Code)

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

Dominick Scianandre 914-271-8102

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

BDG-CPAs PC

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

76 North Walnut Street

Ridgewood

New Jersey

07450

(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)

OATH OR AFFIRMATION

I, Dominick Scianandre, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Hudson Heritage Capital Management, Inc, 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:

Don Scianandre
Signature

Lane R. Schorsch
Notary Public

2/27/2020

LANE R. SCHORSCH Title
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 01SC6241903
Qualified in Putnam County
My Commission Expires May 31, 2023

- 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).

Hudson Heritage Capital Management, Inc.

Financial Statements

December 31, 2019

Hudson Heritage Capital Management, Inc.
Index to the Financial Statements
For the year ended December 31, 2019

	Page(s)
Report of Independent Registered Public Accounting Firm	1-2
Financial Statements	
Statement of Financial Condition	3
Statement of Income	4
Statement of Changes in Stockholders' Equity	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14
Supplementary Information	
Schedule I - Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission and Reconciliation with Company's Computation	15
Schedule II - Computation for Determination of Reserve Requirements Under Rule 15c3-3	16
Schedule III - Information for Possession or Control Requirements Under Rule 15c3-3	17
Schedule IV - Exemption Report Under Rule 17a-5 of the Securities and Exchange Commission	18
Review Report of Independent Registered Public Accounting Firm	19
Report on Applying Agreed-Upon Procedures Related to SIPC Assessment Reconciliation Required by SEC Rule 17a-5(e)(4)	20-21
Form SIPC-7	



76 North Walnut Street
Ridgewood, New Jersey 07450
201-652-4040
fax: 201-652-0401
www.bdgcpa.com

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Hudson Heritage Capital Management, Inc.:

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Hudson Heritage Capital Management, Inc. as of December 31, 2019, the related statements of income, changes in stockholders' 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 Hudson Heritage Capital Management, Inc. 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 of America.

Basis for Opinion

These financial statements are the responsibility of Hudson Heritage Capital Management, Inc.'s management. Our responsibility is to express an opinion on Hudson Heritage Capital Management, Inc.'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 Hudson Heritage Capital Management, Inc. 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.

Auditor's Report on Supplemental Information

The supplemental information listed in the accompanying Index to the Financial Statements has been subjected to audit procedures performed in conjunction with the audit of Hudson Heritage Capital Management, Inc.'s financial statements. The supplemental information is the responsibility of Hudson Heritage Capital Management, Inc.'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.

BDG-CPAs

We have served as Hudson Heritage Capital Management, Inc.'s auditor since 2010.

BDG-CPAs, PC
Ridgewood, NJ
February 28, 2020

Hudson Heritage Capital Management, Inc.
Statement of Financial Condition
As of December 31, 2019

Assets

Current assets	
Cash	\$ 257,741
Accrued fees receivable, no allowance	22,537
Prepaid expenses and other current assets	6,644
Operating lease Right-Of-Use asset	70,319
Total current assets	<u>357,241</u>
 Total assets	 <u><u>\$ 357,241</u></u>

Liabilities and Stockholders' Equity

Liabilities	
Accrued broker commissions	\$ 38,308
Other current liabilities	103,433
Operating lease liability	71,010
Total liabilities	<u>212,751</u>
Stockholders' equity	
Common stock, no par value, 200 shares authorized, issued and outstanding	2,000
Additional paid in capital	20,000
Retained earnings	122,490
Total stockholders' equity	<u>144,490</u>
Total liabilities and stockholders' equity	<u><u>\$ 357,241</u></u>

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

Hudson Heritage Capital Management, Inc.
Statement of Income
For the year ended December 31, 2019

Revenues	
Fees	\$ 833,247
Commissions revenue	128,258
Interest income	<u>37</u>
Total revenues	<u>961,542</u>
Expenses	
Commissions expense	346,395
Compensation and benefits	213,353
Occupancy	58,290
Insurance	33,571
Professional fees	19,435
Auto expenses	30,684
Computer expenses	17,997
Licenses and registration fees	7,408
Other operating expenses	<u>102,955</u>
Total expenses	<u>830,088</u>
Net income before income taxes	<u>131,454</u>
Income taxes	<u>5,012</u>
Net income	<u>\$ 126,442</u>
Basic earnings per share	<u>\$ 632.21</u>

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

Hudson Heritage Capital Management, Inc.
Statement of Changes in Stockholders' Equity
For the year ended December 31, 2019

	Common Stock		Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
Balance, January 1, 2019	200	\$ 2,000	\$ 20,000	\$ 116,048	\$ 138,048
Net income	-	-	-	126,442	126,442
Distributions	-	-	-	(120,000)	(120,000)
Balance, December 31, 2019	<u>200</u>	<u>\$ 2,000</u>	<u>\$ 20,000</u>	<u>\$ 122,490</u>	<u>\$ 144,490</u>

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

Hudson Heritage Capital Management, Inc
Statement of Cash Flows
For the year ended December 31, 2019

Cash flows from operating activities	
Net income	<u>\$ 126,442</u>
Adjustments to reconcile net income to net cash provided by operating activities	
Operating lease ROU asset amortization	41,053
Accrued fees receivable	(1,901)
Prepaid expenses and other current assets	(2,522)
Accrued broker commissions and other current liabilities	22,259
Operating lease liability	<u>(40,362)</u>
Total adjustments	<u>18,527</u>
 Net cash provided by operating activities	 <u>144,969</u>
 Cash flows from investing activities	 <u>-</u>
 Cash flows from financing activities	
Distributions paid	<u>(120,000)</u>
Net cash used by financing activities	<u>(120,000)</u>
 Net increase in cash	 24,969
 Cash - beginning of period	 <u>232,772</u>
 Cash - end of period	 <u><u>\$ 257,741</u></u>
 Supplemental disclosures of cash flow information	
Cash paid during the period for	
Interest	\$ -
Income taxes	3,200

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

Hudson Heritage Capital Management, Inc.
Notes to the Financial Statements
December 31, 2019

Note 1 – Organization and Nature of Business

Hudson Heritage Capital Management, Inc. (the “Company”) is a broker-dealer incorporated October 1, 1997 in New York. The Company’s primary source of revenue is derived from commissions earned from the sale of mutual funds, municipal securities for Section 529 plans, variable life insurance or annuities and investment advisory services. The Company operates as a Financial Industry Regulatory Authority (FINRA) member firm and is a registered investment advisory firm. The Company and its owners are licensed with the FINRA. As of December 31, 2019, all registration fees and required filings have been made to the FINRA and the related state securities authorities.

Note 2 – Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting. Expenses are recognized when incurred, rather than when cash is disbursed, and revenue is recognized when earned, rather than when cash is received.

ASC 842 Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)* (“ASC 842”). The objective of this ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. It is effective for public business entities for annual reporting periods beginning after December 15, 2018. The Company adopted the standard on January 1, 2019 using the modified retrospective approach.

Hudson Heritage Capital Management, Inc.
Notes to the Financial Statements (continued)
December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

ASC 606 Revenue Recognition

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (“ASC 606”). The requirements of ASC 606 were effective for the Company for the year ended December 31, 2018. The Company adopted the standard on January 1, 2018 using the modified retrospective approach, and, in conjunction with the adoption, management evaluated the new guidance in ASC 606 and determined that there is no change in the manner that the Company recognizes revenue. Furthermore, management has determined that the required guidance in ASC 606 does not have an impact on the Company’s financial or regulatory capital.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months that are not held for sale in the ordinary course of business.

Allowance for Doubtful Accounts

The Company provides for estimated losses on accrued fees receivable, using the allowance method, based on prior bad debt experience and a review of existing receivables. The Company has evaluated its accrued fees receivable at December 31, 2019 and has determined that no allowance for doubtful accounts is required as the accrued fees receivable balance at December 31, 2019 has been collected in full subsequent to December 31, 2019.

Commissions

Commissions are recorded as securities transactions occur and are credited by account.

Investment Advisory Income

Investment advisory fees are received quarterly but are recognized as earned on a pro rata basis over the term of the contract.

Hudson Heritage Capital Management, Inc.
Notes to the Financial Statements (continued)
December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Leases

The Company recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Company is a lessee in a noncancelable operating lease for office space. The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Company uses its incremental borrowing rate. The implicit rates of our leases are not readily determinable and accordingly, we use our incremental borrowing rate based on the information available at the commencement date for all leases. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Company has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. We recognize lease cost associated with our short-term lease on a straight-line basis over the lease term.

Note 3 – 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.

Hudson Heritage Capital Management, Inc.
Notes to the Financial Statements (continued)
December 31, 2019

Note 3 – Fair Value (continued)

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 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.

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.

The Company's financial instruments consist mainly of cash, accounts payable and accrued expenses. The carrying amounts in these financial statements approximate fair value due to their short-term nature.

Note 4 – Income Taxes

The Company, with the consent of its shareholders, has elected S Corporation status for Federal and New York State income tax purposes. As such, the stockholders of the Company are required to include the Company's taxable income on their individual income tax returns. Accordingly, there is no provision for Federal and New York State income taxes. The Company also does business in New Jersey, where S Corporation status has not been elected. The Company records a provision for income taxes for its New Jersey income tax and New York franchise tax. The provision for income taxes for the year ended December 31, 2019 consists of \$5,012 in current state income taxes.

Hudson Heritage Capital Management, Inc.
Notes to the Financial Statements (continued)
December 31, 2019

Note 4 – Income Taxes (continued)

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, Income Taxes. Under that guidance the Company assesses the likelihood, based on their 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 requires a change. The Company is currently not under any examination by federal or state tax authorities. The Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2016.

Note 5 – 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, 2019, the Company had net capital of \$115,309, which was \$105,814 in excess of its required net capital of \$9,495. The Company's ratio of aggregate indebtedness to net capital as of December 31, 2019 was 1.24 to 1.

Note 6 – Employee Benefit Plan

The Company has a qualified retirement savings plan covering eligible full-time employees.

Note 7 – Leases

The Company has obligations as a lessee for office space with an initial noncancelable term in excess of one year. The Company classified this lease as an operating lease. Payments due under the lease contract include fixed payments plus variable payments. The Company's office space lease requires it to make variable payments for the Company's proportionate share of the building's property taxes, insurance, and common area maintenance. These variable lease payments are not included in lease payments used to determine lease liability and are recognized as variable costs when incurred.

Hudson Heritage Capital Management, Inc.
Notes to the Financial Statements (continued)
December 31, 2019

Note 7 – Leases (continued)

The components of lease cost for the year ended December 31, 2019 are as follows:

Operating lease cost	\$ 40,078
----------------------	-----------

Other information related to leases as of December 31, 2019 was as follows:

Supplemental Disclosure of Cash Flow Information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flow from operating leases	\$ 39,502
---	-----------

ROU assets obtained in exchange for lease obligations:

Operating leases	\$ 111,372
------------------	------------

Reductions to ROU assets resulting from reductions to lease obligations:

Operating leases	\$ 41,053
------------------	-----------

Weighted average remaining lease term:

Operating leases	1 year and 10 months
------------------	----------------------

Weighted average discount rate:

Operating leases	5 %
------------------	-----

Amounts disclosed for ROU assets obtained in exchange for lease obligations and reductions to ROU assets resulting from reductions to lease obligations include amounts added to or reduced from the carrying amount of ROU assets resulting from new leases, lease modifications or reassessments.

Hudson Heritage Capital Management, Inc.
Notes to the Financial Statements (continued)
December 31, 2019

Note 7 – Leases (continued)

Maturities of lease liabilities under the noncancelable operating lease as of December 31, 2019 are as follows:

Year ending December 31,

2020	\$ 37,663
2021	<u>33,347</u>
Total	<u><u>\$ 71,010</u></u>

Minimum payments have not been reduced by minimum sublease rentals due in the future under non-cancelable subleases.

Note 8 – Basic Earnings Per Share

Basic earnings per share of common stock were computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the year. Diluted earnings per share are not presented because the Company has issued no dilutive potential common shares.

Note 9 – Revenue from Contracts with Customers

Significant Judgments

Revenue from contracts with customers includes commission income and fees from asset management services. The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgment is required to determine whether performance obligations are satisfied at a point in time or over time; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on the appropriate measure of the Company's progress under the contract; whether revenue should be presented gross or net of certain costs; and whether constraints on variable consideration should be applied due to uncertain future events.

Hudson Heritage Capital Management, Inc.
Notes to the Financial Statements (continued)
December 31, 2019

Note 9 – Revenue from Contracts with Customers (continued)

Commissions: Commissions are recorded as securities transactions occur and are credited by account. The Company believes that the performance obligation is satisfied as the securities transactions occur.

Investment advisory fees: The Company provides investment advisory services on a daily basis. The Company believes the performance obligation for providing advisory services is satisfied over time because the customer is receiving and consuming the benefits as they are provided by the Company. Fee arrangements are based on a percentage applied to the customer's assets under management. Fees are received quarterly and are recognized as revenue at that time as they relate specifically to the services provided in that period, which are distinct from the services provided in other periods.

Disaggregated Revenue from Contracts with Customers

The following table presents revenue by major source.

Revenue from contracts with customers	
Commissions	
Commissions	<u>\$ 128,258</u>
Total commissions revenue	<u>128,258</u>
Asset management fees	
Investment advisory fees	<u>833,247</u>
Total asset management fee revenue	<u>833,247</u>
Total revenue from contracts with customers	<u><u>\$ 961,505</u></u>

Note 10- Subsequent Events

The Company has evaluated subsequent events through February 28, 2020, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Schedule I

**Computation of Net Capital Under Rule 15c3-1 of the
Securities and Exchange Commission
As of December 31, 2019**

Net Capital	
Total stockholders' equity	\$ 144,490
Deduct stockholders' equity not allowable for net capital	<u>-</u>
Total stockholders' equity qualified for net capital	144,490
Deductions and/or charges:	
Nonallowable assets:	<u>(29,181)</u>
Net capital before haircuts on securities positions (tentative net capital)	115,309
Haircuts on securities	<u>-</u>
Net capital	<u><u>\$ 115,309</u></u>
Aggregate indebtedness:	
Accrued broker commissions and other current liabilities	<u><u>\$ 142,432</u></u>
Computation of basic net capital requirement	
6 2/3% of aggregate indebtedness	<u><u>\$ 9,495</u></u>
Minimum net capital required:	<u><u>\$ 5,000</u></u>
Net capital requirement	<u><u>\$ 9,495</u></u>
Excess net capital	<u><u>\$ 105,814</u></u>
Ratio: Aggregate indebtedness to net capital	<u><u>1.24 to 1</u></u>

**Reconciliation with Company's Computation
(Included in part II of Form X-17A-5 as of December 31, 2019)**

Net capital, as reported in Company's part II A (unaudited) FOCUS report	\$ 119,618
Other audit adjustments, net	<u>(4,309)</u>
Net capital per above	<u><u>\$ 115,309</u></u>

HUDSON HERITAGE CAPITAL MANAGEMENT, INC.

COMPUTATION FOR DETERMINATION OF RESERVE
REQUIREMENTS UNDER RULE 15c3-3

December 31, 2019

The Company claims exemption from the requirements of SEC Rule 15c3-3, under Section (k)(1) of the Rule.

See Report of Independent Registered Public Accounting Firm.

SCHEDULE III

HUDSON HERITAGE CAPITAL MANAGEMENT, INC.

INFORMATION FOR POSSESSION
OR CONTROL REQUIREMENTS UNDER RULE 15c3-3

December 31, 2019

The Company claims exemption from the requirements of SEC Rule 15c3-3, under Section (k)(1) of the Rule.

See Report of Independent Registered Public Accounting Firm.

HUDSON HERITAGE CAPITAL MANAGEMENT, INC.

Exemption Report Prepared Pursuant to Securities and Exchange Act of 1934
Rule 17a-5, 17 C.F.R. § 240.17a-5 of the U.S. Securities and Exchange Commission ("SEC")

To the best of its knowledge and belief, Hudson Heritage Capital Management, Inc. (the "Company") states the following:

The Company claimed an exemption from 17 C.F.R. §240.15c3-3 under the provisions in paragraph (k)(1)- Limited business (Mutual Funds and/or Variable Annuities only) - (the "identified exemption provisions"). The Company met the identified exemption provisions throughout the most recent fiscal year ended December 31, 2019 without exception.

Hudson Heritage Capital Management, Inc.

I, Dominick Scianandre, affirm that, to the best of my knowledge and belief, this Exemption Report is complete and accurate.

By: 

Title: President

Dated February 28, 2020



76 North Walnut Street
Ridgewood, New Jersey 07450
201-652-4040
fax: 201-652-0401
www.bdgcpa.com

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Hudson Heritage Capital Management, Inc.:

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Hudson Heritage Capital Management, Inc. (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)(1) (exemption provisions) and (2) the Company stated that the Company 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)(1) of Rule 15c3-3 under the Securities Exchange Act of 1934.

A handwritten signature in black ink that reads 'BDG-CPAs'. The letters are written in a cursive, flowing style.

BDG-CPAs, PC
Ridgewood, NJ
February 28, 2020



76 North Walnut Street
Ridgewood, New Jersey 07450
201-652-4040
fax: 201-652-0401
www.bdgcpa.com

**Report of Independent Registered Public Accounting Firm on
Applying Agreed-Upon Procedures**

To the Board of Directors and Stockholders of
Hudson Heritage Capital Management, Inc.:

We have performed the procedures included in Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and in the Securities Investor Protection Corporation (SIPC) Series 600 Rules, which are enumerated below and were agreed to by Hudson Heritage Capital Management, Inc. and the SIPC, solely to assist you and the SIPC in evaluating Hudson Heritage Capital Management, Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7) for the year ended December 31, 2019. Hudson Heritage Capital Management, Inc.'s management is responsible for its Form SIPC-7 and for its compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with standards established by the Public Company Accounting Oversight Board (United States) and 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 records entries, noting no differences;
2. Compared the Total Revenue amount reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2019 with the Total Revenue amount reported in Form SIPC-7 for the year ended December 31, 2019, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
4. Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting no differences.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on Hudson Heritage Capital Management, Inc.'s compliance with the applicable instructions of the Form SIPC-7 for the year ended December 31, 2019. Accordingly, we do not express such an opinion or conclusion. 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 Hudson Heritage Capital Management, Inc. and the SIPC and is not intended to be and should not be used by anyone other than these specified parties.



BDG-CPAs, PC
Ridgewood, NJ
February 28, 2020

SIPC-7

(36-REV 12/18)

SECURITIES INVESTOR PROTECTION CORPORATION
P.O. Box 92185 Washington, D.C. 20090-2185
202-371-8300

General Assessment Reconciliation

SIPC-7

(36-REV 12/18)

For the fiscal year ended **12/31/2019**
(Read carefully the instructions in your Working Copy before completing this Form)

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:

4*4*****814*****ALL FOR AADC 105
50648 FINRA DEC
HUDSON HERITAGE CAPITAL MGNT INC
20 BALTIC PL STE 2
CROTON ON HUDSON, NY 10520-1644

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.

Dominick Scianandre 914-271-8102

- 2. A. General Assessment (item 2e from page 2) \$ 1,442
- B. Less payment made with SIPC-6 filed (exclude interest) 703
- 7/16/2019
Date Paid
- C. Less prior overpayment applied
- D. Assessment balance due or (overpayment)
- E. Interest computed on late payment (see instruction E) for days at 20% per annum
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 739
- G. PAYMENT: the box
 Check mailed to P.O. Box Funds Wired ACH
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.

Hudson Heritage Capital Management, Inc
(Name of Corporation, Partnership or other organization)
Don Scianandre
(Authorized Signature)
CEO/CCO
(Title)

Dated the 20th day of February, 2020.

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 1/1/2019
and ending 12/31/2019

Item No.

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

Eliminate cents
\$ 961,542

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

2d. SIPC Net Operating Revenues

\$ 961,542

2e. General Assessment @ .0015

\$ 1,442

(to page 1, line 2.A.)